

# ***Government That Works!***

**NEW JERSEY DEPARTMENT OF THE TREASURY**

**LOCAL GOVERNMENT BUDGET REVIEW**

***FRANKLIN TOWNSHIP SCHOOL DISTRICT***

**DONALD T. DiFRANCESCO**

*Acting Governor*

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*Acting State Treasurer*

**DECEMBER, 2001**



## **GOVERNMENT THAT WORKS**

### **OPPORTUNITIES FOR CHANGE**

#### ***The Report of the Franklin Township School District***

New Jerseyans deserve the best government their tax dollars can provide. Efficiency in government and a common sense approach to the way government does business, both at the state and at the local level, are important to Acting Governor Donald T. DiFrancesco. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board. Government on all levels must stop thinking that money is the solution to their problems and start examining how they spend the money they now have. It is time for government to do something different.

Of major concern is the rising cost of local government. There is no doubt that local government costs and the property taxes that pay for them have been rising steadily over the past decade. The Local Government Budget Review (LGBR) program was created in 1994 by former Governor Whitman, marking the first time the state worked as closely with towns to examine what is behind those costs. The Local Government Budget Review (LGBR) program's mission is simple: to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public.

The LGBR program utilizes an innovative approach combining the expertise of professionals, primarily from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a comprehensive management review and consulting service provided by the state at no cost to them. To find those "cost drivers" in local government, teams review all aspects of local government operation, looking for ways to improve efficiency and reduce costs.

In addition, teams also document those state regulations and mandates which place burdens on local governments without value-added benefits and suggest, on behalf of local officials, which ones should be modified or eliminated. Teams also look for "best practices" and innovative ideas that deserve recognition and that other communities may want to emulate.

Based upon the dramatic success of the program and the number of requests for review services, in July, 1997, the program was expanded, tripling the number of teams in an effort to reach more

communities and school districts. The ultimate goal is to provide assistance to local government that results in meaningful property tax relief to the citizens of New Jersey.

## **THE REVIEW PROCESS**

In order for a town, county or school district to participate in the Local Government Budget Review program, a majority of the elected officials must request the help of the review team through a resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team, and agree to an open public presentation and discussion of the review team's findings and recommendations.

As part of the review, team members interviewed each elected official, as well as employees, appointees, members of the public, contractors and any other appropriate individuals. The review teams examined current collective bargaining agreements, audit reports, public offering statements, annual financial statements, the municipal code and independent reports and recommendations previously developed for the governmental entities, and other relevant information. The review team physically visits and observes the work procedures and operations throughout the governmental entity to observe employees in the performance of their duties.

In general, the review team received the full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness on the part of most, to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement will present a significant challenge for those committed to embracing the recommendations outlined in this report.

Where possible, the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or the tax rate. In particular, the productivity enhancement values identified in this report do not necessarily reflect actual cash dollars to the municipality, but do represent the cost of the entity's current operations and an opportunity to define the value of improving upon such operations. The estimates have been developed in an effort to provide the entity an indication of the potential magnitude of each issue and the savings, productivity enhancement, or cost to the community. We recognize that all of these recommendations cannot be accomplished immediately and that some of the savings will occur only in the first year. Many of these suggestions will require negotiations through the collective bargaining process. We believe, however, that these estimates are conservative and achievable.

**LOCAL GOVERNMENT BUDGET REVIEW  
EXECUTIVE SUMMARY  
FRANKLIN TOWNSHIP SCHOOL DISTRICT**

**Technology**

By eliminating the use of directory assistance and, instead, utilizing hard copy or on-line telephone directories, the district could save \$360.

**Instruction**

The team recommends that the district closely monitor the number of aides assigned to the special education program. Due to class assignments, one full-time aide was not required in the district's self-contained special education class. The team recommends that this position be filled with a part-time aide, saving \$4,700.

The team commends the district for adding nursing services to their SEMI claims. By continuing to add claims for nursing services, filing retroactive claims, and filing claims on a regular schedule, the district could yield a revenue enhancement of \$8,500.

**Business Office Operations**

The district should consider implementing a new Request for Proposal (RFP) for their banking services, yielding a revenue enhancement of \$5,000 - \$6,000 per year.

The team commends the district for designating the State of New Jersey Cash Management Fund (CMF) as an Official Bank Depository. Utilizing CMF or similar cash management funds could yield a revenue enhancement of \$1,000 - \$2,000 per year in investment income.

The team recommends that the district have a professional appraisal of its fixed assets conducted, at a one-time expense of \$10,000.

**Service Contracts**

By implementing the various recommendations outlined in the report, i.e., publishing an RFP to promote competitive legal fees, paying retainer fees by voucher, and eliminating benefits to the board attorney as an independent contractor, the district could save \$5,467.

The team recommends that the district make payment for physician fees by voucher rather than through the payroll system, saving \$952.

**Facilities Management**

By outsourcing all school facility custodial services, the district could save \$145,000.

**Transportation**

The team recommends that the district utilize the state contract for fluid purchases, saving \$634.

The team also recommends that the district purchase and utilize a fleet management program, at a one-time expense of \$2,500 for hardware and \$7,500 for software.

By returning the maintenance of nine police vehicles to the township, the district could eliminate one full-time employee (FTE), saving \$32,475. The team also recommends that the district contract with the township for 123 hours mechanical repairs, at an expense of \$3,820.

### **Food Service**

The team recommends that the district raise lunch prices to the maximum allowed, yielding a revenue enhancement of \$24,311.

### **Collective Bargaining Issues**

The team recommends that the district negotiate to make holding a black seal license a prerequisite for any new hire custodial employee, for a potential saving of \$5,673.

The district should consider negotiating to use a benchmark plan to establish the maximum costs the district will contribute toward healthcare, for a potential saving of \$93,900.

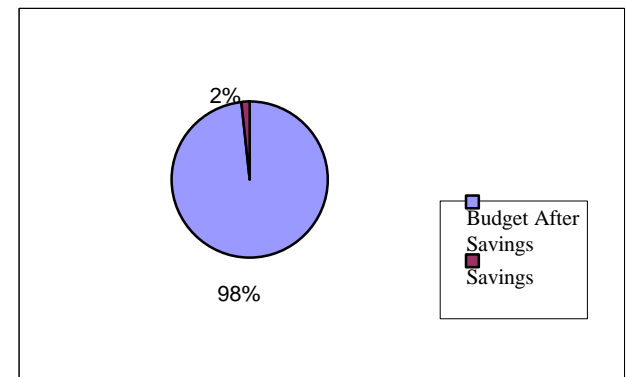
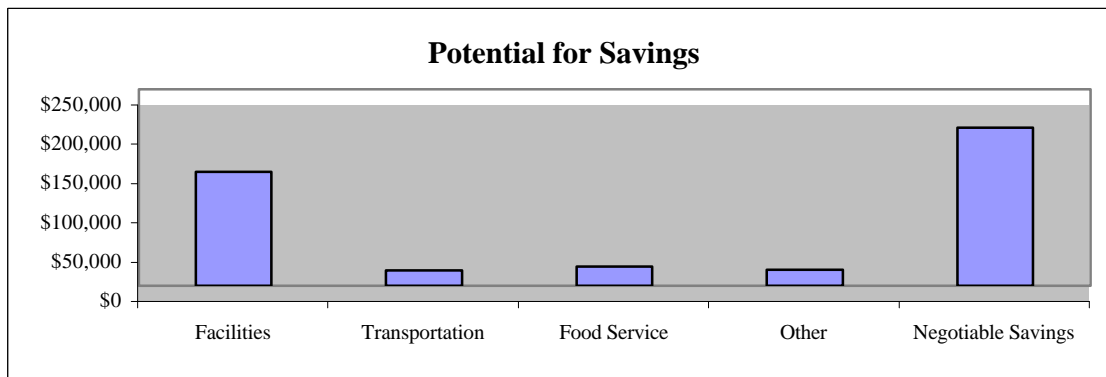
The team recommends that the district negotiate for healthcare cost sharing for all employees or for all other-than-single employees, for a potential saving of \$75,200 - \$95,000. The team also recommends the district negotiate three-tier co-pay for prescription plans, potentially saving \$26,500 - \$35,800.

**COMPARISON OF BUDGET APPROPRIATION, STATE AID  
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN  
THE FRANKLIN TOWNSHIP SCHOOL DISTRICT**

<b><u>Areas Involving Monetary Recommendations</u></b>	<b><u>One-time Savings/ Expense</u></b>	<b><u>Annual Savings/ Expense</u></b>	<b><u>*Potential Savings</u></b>	<b><u>Totals</u></b>
<b>Technology</b>				
Eliminate use of directory assistance		\$360		<b>\$360</b>
<b>Instruction</b>				
Reduce one full-time self-contained SE aide to part-time		\$4,700		
Add nursing services to SEMI, file retroactive claims, etc.		\$8,500		<b>\$13,200</b>
<b>Business Office</b>				
Implement new RFP for banking services		\$5,000		
Utilization the NJ Cashmanagement Fund		\$1,000		
Conduct professional appraisal of fixed assets	(\$10,000)			<b>(\$4,000)</b>
<b>Service Contracts</b>				
Implementation of outline recommendations		\$5,467		
Use voucher system for payment of physician fees		\$952		<b>\$6,419</b>
<b>Facilities Management</b>				
Outsource for school facility custodial services		\$145,000		<b>\$145,000</b>
<b>Transportation</b>				
Utilize state contract for fluid purchases		\$634		
Purchase and utilize a fleet management program	(\$10,000)			
Eliminate one full-time employee position		\$32,475		
Contract with township for 123 hours mechanical repairs		(\$3,820)		<b>\$19,289</b>
<b>Food Service</b>				
Raise lunch prices to maximum		\$24,311		<b>\$24,311</b>

# **COMPARISON OF BUDGET APPROPRIATION, STATE AID AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN THE FRANKLIN TOWNSHIP SCHOOL DISTRICT**

<u>Areas Involving Monetary Recommendations</u>	<u>One-time Savings/ Expense</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
<b>Collective Bargaining Issues</b>				
Negotiate holding a black seal license a prerequisite for new hires			\$5,673	
Negotiate benchmark plan for healthcare contributions			\$93,900	
Negotiate cost-sharing for employees or other-than-single employees			\$75,200	
Negotiate three-tier co-pay for prescription plan			\$26,500	
<b>Total Recommended Savings</b>	<b>(\$20,000)</b>	<b>\$224,579</b>	<b>\$201,273</b>	<b>\$204,579</b>
*\$201,273 not included in savings of \$204,579.				
<b>Total Amount Raised for School Tax</b>				<b>\$3,811,898</b>
<b>Savings as a % of School Tax</b>				<b>5%</b>
<b>Total Budget</b>				<b>\$12,224,979</b>
<b>Savings as a % of Budget</b>				<b>2%</b>
<b>Total State Aid</b>				<b>\$7,915,236</b>
<b>Savings as a % of State Aid</b>				<b>3%</b>





**COMPARISON OF BUDGET APPROPRIATION, STATE AID  
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN  
THE FRANKLIN TOWNSHIP SCHOOL DISTRICT**

<b><u>Areas Involving Monetary Recommendations</u></b>	<b>One-time Savings/ <u>Expense</u></b>	<b>Annual Savings/ <u>Expense</u></b>	<b>*Potential <u>Savings</u></b>	<b><u>Totals</u></b>
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## COMMUNITY OVERVIEW

Franklin Township, incorporated in 1820, consists of approximately 56 square miles located in the southeastern area of Gloucester County, in south central New Jersey. The Franklinville Inn, operating as a restaurant today, was an early stagecoach stop. Franklin Township has long been an agricultural community and historically supported many gristmills and sawmills, and also several glass works. More recently, the completion of State Route 55, which passes through the township, provides a direct means of transportation to the northeast's main interstate system.

While Route 55 has brought significant growth to several towns in its corridor, the impact on Franklin has been less than on some other communities. One important factor impeding growth is Franklin's lack of township water or sewer facilities; all homes and businesses use well water and septic systems. More than one township resident described the area to the review team as "rural" or "split personality," the latter being a combination of "rural" and "new comers." Not many large businesses exist in the area. The Franklin Township School District and the Delsea Regional School District, located in Franklin, are the township's largest employers.

From a 1990 U.S. Bureau of the Census population figure of 14,482, Franklin has grown to a 1996 estimated population of 15,133. The community is a stable one. The school report cards identify an average district-wide student mobility rate of approximately 8% in school year 1998-99, well below the state average of 15.5%. Thirty-four percent of the present population has obtained at least a high school diploma. The township houses a population that is 90% white, 7% black, 2% Hispanic, and 1% Asian and "other." English is spoken as the students' primary language at home. Consequently, there is no need for the district to offer bilingual classes, or classes in English as a second language.

It is obvious to even the casual observer that the township houses many levels of economic well being. The township's economic diversity was cited to the team as a source of pride, and it was noted that, despite the recent creation of small cul de sac communities, the majority of the population lives side by side, with few easily defined enclaves of rich or poor.

## **I. BEST PRACTICES**

A very important part of each Local Government Budget Review report is the Best Practices section. During the course of every review, each review team identifies procedures, programs and practices, which are noteworthy and deserving of recognition. Best practices are presented to encourage replication in communities and schools throughout the state. By implementing these practices, municipalities and school districts can benefit from the Local Government Budget Review process and possibly save considerable expense on their own.

Just as we are not able to identify every area of potential cost savings, the review team cannot cite every area of effective effort. The following are those best practices recognized by the team for their cost and/or service delivery effectiveness.

### **Perfect Attendance Incentive**

Included in the district's collective bargaining agreements and the non-unit contracts is a provision that those who have been employed by the district for the full year and have attained a perfect attendance record during that period will have two personal leave days converted to their accumulated sick leave at the end of the respective contractual year. These efforts are also recognized at a public meeting where each employee having perfect attendance is presented with a plaque and a \$200 savings bond.

This personal incentive to the individual employee helps the district lower the cost of employee absences and provides a meaningful reward to employees for perfect attendance. Together with the district's provisions for pay out of accumulated sick leave at the time of severance, this incentive makes for prudent fiscal policy.

### **Environmental Right-to Know Training**

In school year 1999-00, the district obtained from its insurer free environmental right-to-know training for district employees. Alternatively, the district has participated in the Gloucester County Environmental Consortium which provides low cost environmental right-to-know training to school district employees throughout Gloucester, Salem and Cumberland counties.

### **Community Support**

Each of the district's three schools has benefited greatly from the community support offered through the individual PTAs. At all three schools, the PTAs' Inclement Weather Coordinators further the groups' focus on safety and supplement the work of district personnel. Through a telephone network, the PTA coordinators alert parents when inclement weather necessitates emergency school closings at irregular hours.

Additional examples of PTA volunteerism abound in the district. Working with the administration, the PTA at the Marie F. Janvier School, helped expand the DARE program into the first and second grades. PTA volunteers assist the librarian at the Main Road School by performing a variety of tasks. At Reutter School, the PTA raised funds toward the purchase of a weather tower. Thanks to these efforts and additional contributions provided by local businesses, the Reutter School is now one of three locations in Gloucester County that provide

local weather reports to the Philadelphia affiliate of a national television company. Their reports, together with district, school and grade-level identifying information, are broadcast throughout the Delaware Valley.

### **Internal Organization**

The district's administrative building, constructed in the early 1990s, reflects a well-planned marriage of design and function. The layout of the building aides in the efficient organization and unimpeded flow of district business, with administrative offices situated to afford the best utilization of shared personnel and equipment.

The team found that the administrative office and the business offices were particularly well organized. The business office's accounting department is one example of the district's organizational efficacy, where personnel follow efficient office practices along with strict purchasing controls. District records retention adheres to state requirements, and old records are kept in an orderly fashion for easy retrieval.

### **Diversity of Shared Services**

The district has been most creative in initiating shared services and in joining with established consortiums to obtain the most competitive pricing in an effort to effect cost savings. With regard to personnel, the district shares two supervisory positions with neighboring Elk Township School District: curriculum coordinator; and network engineer. (See the shared services section of this report.)

### **Educational Productivity Enhancement**

The district administration has succeeded in reducing the amount of half-day instructional time in the district. Only three half days were scheduled in the Franklin Township Public Schools on the 1999-00 school calendar; one half-day before the end of the year holidays, and two at the end of the school year. While furthering the educational goals of the district and, thereby, directly benefiting the students, full school days are also the most fiscally efficient means of operation.

### **Technological Component of Teacher Evaluation**

For the 2000-01 school year, the district superintendent has made "Integration of Technology into Instruction" one of 15 major areas reviewed in teacher evaluations, and has included technological components in six of the remaining fourteen teacher evaluation areas. Given today's emphasis on technological staff development, incorporation of technological components into staff evaluations provides all parties with pertinent information. The staff member receives feedback on technological implementation and innovation and the district gets an opportunity to assess on-the-job effectiveness of expenditures in this area.

## **II. OPPORTUNITIES FOR CHANGE/FINDINGS AND RECOMMENDATIONS**

The purpose of this section of the review report is to identify opportunities for change and to make recommendations that will result in more efficient operations and financial savings to the school district and its taxpayers.

In its study, the review team found the district makes a conscious effort to control costs and to explore areas of cost saving efficiencies in its operations. Many of these are identified in the Best Practices section of this report. Others will be noted, as appropriate, in the findings to follow. The district is to be commended for its efforts. The review team did find areas where additional savings could be generated and has made recommendations for change that will result in reduced costs or increased revenue.

Where possible, a dollar value has been assigned to each recommendation to provide a measure of importance or magnitude to illustrate cost savings. The time it will take to implement each recommendation will vary. It is not possible to expect the total projected savings to be achieved in a short period of time. Nevertheless, the total savings and revenue enhancements should be viewed as an attainable goal. The impact will be reflected in the immediate budget, future budgets, and the tax rate(s). Some recommendations may be subject to collective bargaining considerations and, therefore, may not be implemented until the next round of negotiations. The total savings will lead to a reduction in tax rates resulting from improvements in budgeting, cash management, cost control and revenue enhancement.

### **COMPARATIVE ANALYSES**

Many of the recommendations contained in this report are based upon comparative analyses using New Jersey Department of Education data for districts of similar size and demographics (socio-economic district factor groups – DFG). The comparative data used in this report were compiled for school year 1997-98 and 1998-99, the most current years for which comparative information was available at the time of the review. Other data was obtained from district documents, various state agencies, state education associations, relevant publications and private industry. School districts used for comparison with Franklin Township were Mantua Township, Lindenwold Borough and North Hanover Township. The following table, (Table 1), which is based on the districts' June 30, 1999 Comprehensive Annual Financial Reports (CAFRs), compares the revenue sources of the four comparable districts:

**Table 1**  
**District Revenue Sources**

<b>Revenues</b>	<b><u>Franklin</u></b>		<b><u>Mantua</u></b>		<b><u>Lindenwold</u></b>		<b><u>North Hanover</u></b>	
<b>General Fund</b>								
Local Tax Levy	\$3,617,394	29.2%	\$4,405,885	43.6%	\$4,950,306	33.2%	\$1,451,170	5.7%
State Aid *	\$7,296,411	59.0%	\$4,423,609	43.8%	\$7,489,987	50.2%	\$5,861,678	22.8%
Federal Aid	\$0	0.0%	\$0	0.0%	\$48,875	0.3%	\$17,042,637	66.4%
Tuition	\$19,518	0.2%	\$58,475	0.6%	\$0	0.0%	\$0	0.0%
Interest on Investments	\$78,302	0.6%	\$54,050	0.5%	\$0	0.0%	\$0	0.0%
Miscellaneous	\$200,060	1.6%	\$39,966	0.4%	\$125,923	0.8%	\$791,570	3.1%
<b>Total General Fund</b>	<b>\$11,211,686</b>	<b>90.6%</b>	<b>\$8,981,985</b>	<b>88.9%</b>	<b>\$12,615,091</b>	<b>84.5%</b>	<b>\$25,147,055</b>	<b>98.0%</b>
<b>Special Revenue Fund</b>								
State Aid	\$298,689	2.4%	\$270,127	2.7%	<b>\$1,469,566</b>	9.8%	<b>\$267,946</b>	1.0%
Federal Aid	\$343,615	2.8%	\$248,764	2.5%	<b>\$652,184</b>	4.4%	<b>\$234,272</b>	0.9%
Other	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
<b>Total Revenue Fund</b>	<b>\$642,304</b>	<b>5.2%</b>	<b>\$518,891</b>	<b>5.2%</b>	<b>\$2,121,750</b>	<b>14.2%</b>	<b>\$502,218</b>	<b>1.90%</b>
<b>Debt Service Fund</b>								
Local Tax Levy	\$194,504	1.6%	\$378,253	3.7%	<b>\$81,012</b>	0.5%	\$0	0.0%
State Aid	\$320,136	2.6%	\$217,608	2.2%	<b>\$87,817</b>	0.6%	\$0	0.0%
<b>Total Debt Service Fund</b>	<b>\$514,640</b>	<b>4.2%</b>	<b>\$595,861</b>	<b>5.9%</b>	<b>\$168,829</b>	<b>1.1%</b>	<b>\$0</b>	<b>0.0%</b>
<b>Fiduciary Fund</b>								
State Aid	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Federal Aid	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Other	\$0	0.0%	\$0	0.0%	\$831	0.0%	\$31,911	0.1%
<b>Total Fiduciary Fund</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$831</b>	<b>0.0%</b>	<b>\$31,911</b>	<b>0.1%</b>
<b>Capital Projects</b>								
Other	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$25,576</b>	<b>0.2%</b>	<b>\$0</b>	<b>0.0%</b>
<b>Total Capital Projects</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$25,576</b>	<b>0.2%</b>	<b>\$0</b>	<b>0.0%</b>

**Total Revenues (All Funds)    \$12,368,630    100%    \$10,096,737    100%    \$14,932,077    100%    \$25,681,184    100%**

Source: Districts' CAFR for the fiscal year ended June 30, 1999.

\*NOTE: The "On Behalf Payments" for TPAF Pension Contributions in the amount of \$296,638 and reimbursement of the TPAF Social Security Contributions in the amount of \$413,995 were included in the state aid categories. These nonbudgeted revenues are offset by the expenditures, which the district is not legally responsible.

With the exception of North Hanover, which received almost two-thirds of its FY 1999 annual revenue from federal aid, Franklin relies less heavily than the comparison districts on the local tax levy as a source of general fund revenue. The Franklin Township School District relies more heavily on state aid as a percentage of its general fund revenue than any of the three other similarly situated districts. For Franklin, the majority of general fund revenues (59%) came from state aid, while only 29.2% of general fund revenue came from the local tax levy. Reliance on state aid has proved problematic for districts such as Franklin which have suffered reductions in state aid revenue as a result of declining student enrollment.

With regard to the special revenue fund and the debt service fund, the district received 5.2% and 4.2% from state and federal aid, respectively.

The following table, (Table 2), compares general fund expenditures for Franklin and each of the comparison districts:

**Table 2**  
**Expenditures: General Fund**

<b>Actual</b>	<b><u>Franklin</u></b>		<b><u>Mantua</u></b>		<b><u>Lindenwold</u></b>		<b><u>North Hanover</u></b>	
Regular Program - Inst.	\$3,523,818	31.7%	\$3,055,577	33.5%	\$3,078,042	25.3%	\$4,166,870	30.2%
Special Education	\$859,224	7.7%	\$709,264	7.8%	\$1,362,945	11.2%	\$543,627	3.9%
Basic Skills-Remedial	\$185,743	1.7%	\$185,855	2.0%	\$216,740	1.8%	\$298,940	2.2%
Bilingual Education	\$0	0.0%	\$281	0.0%	\$24,706	0.2%	\$0	0.0%
Sponsored Cocurr. Activities	\$2,826	0.0%	\$13,335	0.1%	\$12,600	0.1%	\$68,054	0.5%
Sponsored Athletics	\$0	0.0%	\$1,359	0.0%	\$0	0.0%	\$0	0.0%
Other Instruction Program	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Community Services Program	\$0	0.0%	\$0	0.0%	\$899	0.0%	\$0	0.0%
<b>Total Instructional Cost</b>	<b>\$4,571,610</b>	<b>41.2%</b>	<b>\$3,965,671</b>	<b>43.5%</b>	<b>\$4,695,932</b>	<b>38.6%</b>	<b>\$5,077,491</b>	<b>36.8%</b>
Undistributed Exp. - Ins.	\$255,249	2.3%	\$171,908	1.9%	\$615,280	5.1%	\$508,046	3.7%
General Administration	\$382,751	3.4%	\$230,100	2.5%	\$458,163	3.8%	\$319,649	2.3%
School Administration	\$296,672	2.7%	\$480,747	5.3%	\$393,465	3.2%	\$726,199	5.3%
<b>Total Admin. Cost</b>	<b>\$679,423</b>	<b>6.1%</b>	<b>\$710,847</b>	<b>7.8%</b>	<b>\$851,628</b>	<b>7.0%</b>	<b>\$1,045,848</b>	<b>7.6%</b>
Food Service	\$40,820*	0.4%	\$48,265	0.5%	\$61,114	0.5%	\$110,000	0.8%
Health Service	\$167,094	1.5%	\$161,878	1.8%	\$122,775	1.0%	\$260,295	1.9%
Attend. & Soc. Work Serv.	\$8,564	0.1%	\$827	0.0%	\$1,210	0.0%	\$0	0.0%
Other Support Serv.-Student	\$526,556	4.7%	\$490,758	5.4%	\$570,752	4.7%	\$656,944	4.8%
Other-Imp. of Inst. Serv. Staff	\$32,872	0.3%	\$78,498	0.9%	\$151,446	1.2%	\$63,539	0.5%
Media Serv./Sch. Library	\$166,490	1.5%	\$156,883	1.7%	\$95,018	0.8%	\$172,414	1.3%
Inst. Staff Training Serv.	\$44,156	0.4%	\$14,647	0.2%	\$0	0.0%	\$0	0.0%
Operation of Plant	\$1,030,876	9.3%	\$553,974	6.1%	\$685,400	5.6%	\$446,710	3.2%
Allowable Main. For Sch. Fac.	\$215,200	1.9%	\$151,232	1.7%	\$0	0.0%	\$491,252	3.6%
Business & Other Sup. Serv.	\$228,550	2.1%	\$99,445	1.1%	\$173,289	1.4%	\$285,865	2.1%
Total Unallocated Benefits	\$1,328,953	12.0%	\$1,065,132	11.7%	\$1,675,603	13.8%	\$1,096,471	8.0%
<b>Total Support Services</b>	<b>\$3,790,131</b>	<b>34.1%</b>	<b>\$2,821,539</b>	<b>30.9%</b>	<b>\$3,536,607</b>	<b>29.1%</b>	<b>\$3,583,490</b>	<b>26.0%</b>
TPAF Pen. & Reimb. SS & Con.	\$296,638	2.7%	\$237,512	2.6%	\$309,648	2.5%	\$425,728	3.1%
Reimb. TPAF SS Contrib.	\$413,995	3.7%	\$361,691	4.0%	\$481,361	4.0%	\$456,029	3.3%
Transportation	\$709,133	6.4%	\$433,860	4.8%	\$515,266	4.2%	\$503,678	3.7%
Capital Outlay	\$392,675	3.5%	\$406,987	4.5%	\$1,144,651	9.4%	\$2,183,231	15.8%
Special Schools	\$0	0.0%	\$11,189	0.1%	\$0	0.0%	\$0	0.0%
<b>Total Gen. Fund Expend.</b>	<b>\$11,108,855*</b>	<b>100%</b>	<b>\$9,121,204</b>	<b>100%</b>	<b>\$12,150,373</b>	<b>100%</b>	<b>\$13,783,541</b>	<b>100%</b>
<b>Avg. Daily Enrollment</b>	<b>1,574</b>		<b>1,297</b>		<b>1,365</b>		<b>1,621</b>	

Source: School districts' 1998-99 CAFR and NJ Department of Education Comparative Spending Guide (1999).

\*The Franklin Township School District FY 1999 CAFR reports total general fund expenditures of \$11,068,035. The \$11,108,855 figure cited in Table 2 includes a \$40,820 *transfer in* to the general fund; this *transfer in* is itemized on Table 2 under "food services."

In reviewing per pupil costs, the state team examined Franklin's figures in light of, state averages, comparable costs in the 66 other K-6 districts in New Jersey, and actual and budgeted costs in the three comparison districts.



The following table, (Table 3), indicates the comparative per pupil costs for selected cost factors for the 1997-98 school year:

**Table 3**  
**Selected Actual Per Pupil Costs Among the Comparison Districts for School Year 1997-98**

<b>Ranked Low Cost to High</b>	<b><u>Franklin</u></b>	<b><u>Mantua</u></b>	<b><u>Lindenwold</u></b>	<b><u>North Hanover</u></b>
Total Cost Per Pupil*	\$5,705	\$5,558	\$7,293	\$6,346
Total Classroom Instruction	\$3,750	\$3,427	\$4,934	\$3,963
Classroom Salaries & Benefits	\$3,482	\$3,229	\$4,596	\$3,624
Classroom General Supplies & Textbooks	\$238	\$197	\$290	\$269
Classroom Purchased Services & Other	\$30	\$1	\$48	\$70
Total Support Services	\$525	\$755	\$831	\$695
Support Services Salaries & Benefits	\$444	\$637	\$719	\$533
Total Administrative Cost	\$609	\$774	\$836	\$1,014
Salaries & Benefits for Administration	\$398	\$644	\$663	\$625
Operations & Maintenance of Plant	\$792	\$554	\$566	\$582
Salaries & Benefits for Oper. /Maint. of Plant	\$392	\$354	\$305	\$306
Food Service	\$17	\$34	\$41	\$57
Extracurricular Cost	\$12	\$10	\$10	\$35
Equipment	\$204	\$16	\$213	\$1,320
Median Teacher Salary	\$39,937	\$37,111	\$40,241	\$41,355
Median Support Service Salary	\$43,237	\$45,261	\$39,375	\$39,635
Median Administrator Salary	\$65,500	\$77,263	\$64,670	\$74,500
Comp. of Bud. Gen. Fd. Bal. vs. Actual- (used) or Gen.	\$153,439	(\$18,515)	\$159,874	(\$93,382)
Unreserved Gen. Fd. Bal. In Excess of 6%	\$673,778	\$199	\$449,918	\$0
Student/Teacher Ratio	15.9	15.0	13.1	17.2
Student/Support Service Ratio	93.2	92.6	60.4	65.4
Student/Administrator Ratio	226.4	198.0	154.3	181.7
Faculty/Administrator Ratio	16.7	15.3	14.3	13.3
Personal Serv.-employee Benefits	18.8%	19.1%	22.1%	16.0%

Source: NJDOE Comparative Spending Guide – 1999, as revised.

\*The total cost per pupil is calculated as the total current expense budget plus certain special revenue funds, particularly early childhood programs, demonstrably effective programs, distance learning network costs and instructional supplement costs. The calculation does not include the local contribution to special revenue, tuition expenditures, interest payments on the least purchase of buildings, transportation costs, residential costs and judgments against the school district. Also excluded from this per pupil calculation are equipment purchases, facilities acquisition and construction services, expenditures funded by restricted local, state and federal grants, and debt service expenditures.

A comparison of Franklin Township's per pupil costs with those of Mantua, Lindenwold and North Hanover, based on the Comparative Spending Guide (Table 3) illustrates that, overall, Franklin Township's costs are in the lower ranges among the comparable schools. Franklin's student/support service, student/administrator and faculty/administrator ratios are the highest of the four districts. Total support services, support services salaries and benefits, total administrative cost, salaries and benefits for administration, and food services costs are the lowest of the comparable districts. Franklin's total cost per pupil, classroom instruction, classroom salaries and benefits, classroom general supplies and textbooks, classroom purchased services, equipment, median teacher salary and median administrator salary ranked the second lowest of the comparison districts.

By contrast, as noted here and discussed more fully in the facilities management section of this report, Franklin's cost for operations and maintenance of plant, and related salaries and benefits, were the highest of the four districts compared.

In the 1999 Comparative Spending Guide, the Franklin Township School District is grouped with 67 K-6 districts ranked low (1) to high (67) in per pupil costs. The following table, (Table 4), compares Franklin's rank in selected cost categories for the school years 1996-97, 1997-98 and 1998-99 (budgeted):

**Table 4**  
**Selected Per Pupil Costs in Franklin Township with State-Wide K-6 Rankings**

<b>Ranked Low Cost to High Cost</b>	<b>1996-97</b>		<b>1997-98</b>		<b>1998-99</b>	
	<b>Actual</b>	<b>Ranking</b>	<b>Actual</b>	<b>Ranking</b>	<b>Budget</b>	<b>Ranking</b>
Cost Per Pupil	\$5,189	3	\$5,705	9	\$6,307	11
Classroom Instruction	\$3,310	3	\$3,750	15	\$3,750	6
Classroom Salaries & Benefits	\$3,028	3	\$3,482	12	\$3,515	8
General Supplies & Textbook	\$248	48	\$238	44	\$203	28
Purchased Services & Other	\$34	16	\$30	26	\$32	25
Support Services	\$387	7	\$525	9	\$735	20
Support Serv. Salaries & Benefits	\$354	16	\$444	15	\$652	30
Total Administrative Cost	\$654	6	\$609	3	\$769	12
Salaries & Benefits for Admin.	\$445	1	\$398	1	\$544	9
Operations & Maint.	\$775	42	\$792	45	\$971	56
Sal. & Benefits for Operat./Maint.	\$428	52	\$392	44	\$521	60
Food Service	\$0	0	\$17	7	\$17	12
Extracurricular Cost	\$11	13	\$12	17	\$3	2
Median Teacher Salary	\$38,238	24	\$39,937	27	\$41,637	31
Median Support Service Salary	\$41,537	47	\$43,237	48	\$45,036	52
Median Administrator Salary	\$63,000	27	\$65,500	25	\$69,250	34
<b>Ranked High Ratio to Low</b>						
Student/Teacher Ratio	17.1	5	15.9	9	15.9	4
Student/Support Service Ratio	103.8	21	93.2	30	89.6	35
Student/administrator Ratio	237.1	8	226.4	7	254.0	4
Faculty/Administrator Ratio	16.1	9	16.7	12	18.8	6

Source: 1998 & 1999 NJDOE Comparative Spending Guide, as revised.  
Total of 67 School Districts

The Franklin Township School District ranked 3<sup>rd</sup> lowest in per pupil cost in 1996-97, 9<sup>th</sup> in 1997-98 and 11<sup>th</sup> (as budgeted) in 1998-99, with a ranking of above 34 being the midpoint of the 67 K-6 districts.

The total cost per pupil in Franklin township for 1996-97 was \$5,189 and for 1997-98 \$5,705. The Comparative Spending Guide lists the state average cost for K-6 schools at \$6,514 in 1996-97 and \$6,707 in 1997-98. Franklin Township School District was below the state average cost for K-6 districts by 25.6% in 1996-97 and 17.6% in 1997-98. During these two years, Franklin Township was ranked below the median in most cost categories except operations and maintenance, salaries and benefits for operation/maintenance, and median support service salary.

Using the NJ School Report Card and the Comprehensive Annual Financial Report (CAFR), the following table, (Table 5), provides additional comparative data used in this report:

**Table 5**

<b><u>Description</u></b>	<b><u>Franklin</u></b>	<b><u>Mantua</u></b>	<b><u>Lindenwold</u></b>	<b><u>North Hanover</u></b>
County	Gloucester	Gloucester	Camden	Burlington
District Type	II	II	II	II
Grades	K-6	K-6	K-6	K-6
District Factor Group	CD	DE	CD	DE
Certified Employees	119	113	139	140.3
Other Employees	74	80	90	103.5
Total Employees	193	193	229	243.8
Square Miles	54	19.5	3.94	64.4
Number of Schools				
Elementary	3	3	3	5
Total Schools	3	3	3	5
Average Student Enroll. (97-98)*	1,574	1,297	1,365	1,621
Median Salary				
Faculty	\$41,437	\$37,711	\$39,452	\$41,355
Administrators	\$65,500	\$77,263	\$64,670	\$74,500
Median Years of Experience				
Faculty	13	12	17	10
Administrators	22	27	27	20

\*All data are from the school report card (1997-98) and the district CAFRs (1998-99).

## **ADMINISTRATION**

### **Organization**

The Franklin Township Public School District is a Type II K-6 district governed by a nine-member board elected by local citizens for staggered three-year terms. The board offices are located in the administration building adjacent to the Mary F. Janvier School.

The district consists of three elementary schools: the Mary F. Janvier School, which houses grades K through 2, and two schools for grades 3 through 6; the Main Road School, and Caroline L. Reutter School.

The district has no assistant superintendents. Apart from the individual building principals, there are three main district-wide supervisory positions reporting to the superintendent:

- Board Secretary/Business Administrator;
- Supervisor of Special Services; and
- Supervisor of Special Programs/Technology.

In addition, the district's administrative secretary and the attendance officer report to the superintendent.

The business administrator/board secretary is responsible for the administration of the business office and its four employees. The district's transportation supervisor and the facilities maintenance supervisor also report directly to the business administrator/board secretary.

The district's three schools are administered by the individual building principals. There are no vice principals in the schools. Each building principal is assisted by one secretary, and one school has an additional clerical aide. All school positions are 10-month, with the exception of the building principal and his or her secretary, who have 12-month contracts.

Following are 1998-99 school enrollments, showing a decline of approximately 7% in district-wide enrollment over the past five-years:

#### **Franklin School Enrollments**

<b>School</b>	<b>1994-95</b>	<b>1998-99</b>
Marie F. Janvier School	685	599
C. L. Reutter School	449	409
Main Road School	501	516
District Total Enrollment	1,635	1,524

Source: 1998-99 School Report Cards

#### **General Administrative Costs**

A comparative review of Franklin Township, Mantua Township, Lindenwold Borough and North Hanover Township school districts' function 230 account – Support Services General Administration – and function 240 account – Support Services School Administration - for fiscal year 1998-99 was conducted. These functions include expenses associated with the board of education. The review tracked the following costs for fiscal year 1998-99 based on the 6/30/99 Audit Report:

### Comparative Costs: Support Services General Administration

<b>General Administration Costs</b>	<b>Franklin</b>	<b>Mantua</b>	<b>Lindenwold</b>	<b>North Hanover</b>
Salaries	\$183,865	\$141,173	\$142,250	\$143,860
Legal Services	\$10,829	\$8,518	\$38,322	\$2,960
Other Purchased Professional Services	\$42,919	\$8,800	\$127,201	\$41,828
Purchased Technical Services	\$0	\$2,833	\$4,000	\$1,845
Rentals	\$0	\$0	\$3,962	\$0
District	\$0	\$0	\$14,455	\$0
Communications/Telephone	\$37,315	\$24,092	\$37,503	\$63,366
Travel	\$0	\$0	\$4,256	\$0
Other Purchased Services	\$77,044	\$26,553	\$32,914	\$9,132
Supplies and Materials	\$14,691	\$6,407	\$5,108	\$3,783
Miscellaneous Expenditures	\$16,088	\$11,724	\$48,192	\$52,874
<b>Total General Administration Costs</b>	<b>\$382,751</b>	<b>\$230,100</b>	<b>\$458,163</b>	<b>\$319,648</b>
<b>Per Pupil General Administration Costs</b>				
Salaries	\$123.00	\$106.00	\$101.00	\$93.00
Legal Services	\$7.26	\$6.41	\$27.33	\$1.92
Other Purchased Professional Services	\$28.77	\$6.62	\$90.73	\$27.11
Purchased Technical Services	\$0.00	\$2.13	\$2.85	\$1.20
Rentals	\$0.00	\$0.00	\$2.83	\$0.00
District	\$0.00	\$0.00	\$10.31	\$0.00
Communications/Telephone	\$25.01	\$18.13	\$26.75	\$41.07
Travel	\$0.00	\$0.00	\$3.04	\$0.00
Other Purchased Services	\$51.64	\$19.98	\$23.48	\$5.92
Supplies and Materials	\$9.85	\$4.82	\$3.64	\$2.45
Miscellaneous Expenditures	\$10.78	\$8.82	\$34.37	\$34.27
<b>Total Per Pupil General Admin. Costs</b>	<b>\$256.54</b>	<b>\$173.14</b>	<b>\$326.79</b>	<b>\$207.16</b>

An analysis of the above data reflects that, using the function 230 figures from the 1998-99 audit report, Franklin Township School District ranked second highest of the four comparison districts in overall spending for total support services – general administration costs. Franklin also ranked second highest when viewing these costs on a per pupil basis.

A comparison of overall and per pupil costs for school administration expenditures (function 240) for fiscal year 1998-99 for Franklin, Mantua, Lindenwold and North Hanover School Districts follows:

## Comparative Costs: Support Services School Administration

<b>School Administration Costs</b>	<b>Franklin</b>	<b>Mantua</b>	<b>Lindenwold</b>	<b>North Hanover</b>
Salaries of Principal/Assistant Principals	\$203,451	\$291,586	\$210,218	\$375,700
Salaries of Other Professionals	\$0	\$0	\$0	\$72,400
Salaries of Secretarial and Clerical Assistants	\$80,278	\$117,136	\$175,224	\$219,824
Purchased Professional and Technical Services	\$0	\$0	\$0	\$16,721
Cleaning, Repair and Maintenance Services	\$0	\$46,420	\$273	\$0
Other Purchased Services	\$2,408	\$6,777	\$0	\$2,715
Supplies and Materials	\$7,922	\$18,185	\$2,888	\$35,381
Other Objects	\$2,613	\$643	\$4,862	\$3,457
<b>Total School Administration Costs</b>	<b>\$296,672</b>	<b>\$480,747</b>	<b>\$393,465</b>	<b>\$726,198</b>
<b>Per Pupil School Administration Costs</b>				
Salaries of Principal/Assistant Principals	\$136.36	\$219.40	\$149.94	\$243.49
Salaries of Other Professionals	\$0.00	\$0.00	\$0.00	\$46.92
Salaries of Secretarial and Clerical Assistants	\$53.81	\$88.14	\$124.98	\$142.47
Purchased Professional and Technical Services	\$0.00	\$0.00	\$0.00	\$10.84
Cleaning, Repair and Maintenance Services	\$0.00	\$34.93	\$0.19	\$0.00
Other Purchased Services	\$1.61	\$5.10	\$0.00	\$1.76
Supplies and Materials	\$5.31	\$13.68	\$2.06	\$22.93
Other Objects	\$1.75	\$0.48	\$3.47	\$2.24
<b>Total Per Pupil School Administration Costs</b>	<b>\$198.84</b>	<b>\$361.74</b>	<b>\$280.65</b>	<b>\$470.64</b>

On both an overall and per pupil basis, Franklin's support services school administration costs (function 240) were the lowest of the four districts compared.

A detailed analysis of general administration costs was conducted, including auditor fees, legal fees, board member expenses and communication/telephone costs.

## TECHNOLOGY

### Business Office Technology

The district's business office uses a county school computer services cooperative for its business operations. The district spent \$20,000 for business software services from the cooperative in school year 1998-99. Previous LGBR reviews show this to be a competitive price as on-line services included: school budget accounting and reporting; school payroll; school personnel information systems; the student transportation system; and the fixed assets system.

### Educational Technology

#### *Technological Environment*

Main Road School and Reutter School each have a computer lab with Internet access and two half-time technology teacher positions to provide computer literacy classes. These students, grades 3 to 6, receive 60 minutes formal in-lab instruction per week. Students in Janvier School, grades K-2, receive 20 minutes per week in-lab instruction.

The district currently provides six computers in each classroom grades 3 to 6, four computers in each second grade classroom, and two in each first grade and kindergarten classroom. Computers in the 2<sup>nd</sup> through 6<sup>th</sup> grade classrooms provide students Internet access and E-mail; those in the kindergarten and first grade classrooms do not. A computer upgrade is scheduled to provide Internet access to the Janvier School computer lab by September, 2000.

The libraries in Main Road and Reutter Schools each have five computers, all with Internet access. The library in the K-2 building has two computers. All three school libraries are scheduled to have their card catalogs on line by September, 2000; grades 2 through 6 will have access to the on-line card catalog in their classrooms.

Overall, the district has more than 350 computers in the classrooms and school labs. The district has a three-tiered technology support system. In the 1999-00 school year, the program was supported by the following technology specialists:

- One district supervisor, responsible for both special programs and technology.
- One part-time technology engineer, shared by Franklin, Elk, and Delsea School Districts three, one, and one days per week, respectively. The technology engineer is on a 10-month contract, with 50 additional hours over the summer.
- One hourly-rate teacher technician assigned in each school. The teacher technicians, who serve as initial contact trouble-shooters in each building, are compensated at \$17 per hour and are utilized on an as-needed basis during the school year, with an additional 40 hours over the summer.

Local Government Budget Review uses a benchmark of 200 computers per full-time technological support person. The district average is within the number of computers per tech support staff.

The district has an integrated web site offering access to various on-line locations, including those maintained by each school. At each of the district's on-line locations, visitors are informed of the assistance provided by the Delsea Regional High School Web Club in constructing Franklin's web site.

As of September, 2000, all teachers are scheduled to have full web sites. Beginning 01/01, teachers will be required to post homework on the Internet for student and parental access. With the exception of the custodians, all district employees have e-mail. As noted in the best practices section of this report, the district superintendent has made technological integration a component in several areas of teacher evaluation.

### *Technology Plan*

At the time of this review, the district had just adopted a new technology plan for school years 2000-03. The plan was authored by a 20-member committee consisting of five administrators, including the superintendent, and 15 teachers. Its mission and belief statements recognize the explosion of knowledge and information exchange, and commit the schools to the integration of

technology throughout the curriculum and in support of lifelong learning. The plan incorporates the use of technology into the curriculum/core standards and identifies the district's targeted action areas, each of which has established goals that can be reached by achieving individual objectives. The objectives, in turn, are assigned to certain personnel positions with a timeline for completion, estimated annual cost, and stated evaluation criteria.

School technology labs are currently open only during school hours, with the exception of scheduled staff development training. The technology plan calls for technology workshops to be held to train adult community members beginning in 2000.

The district supervisor of technology maintains an inventory of all school computers and printers by room location. Equipment is tagged for identification purposes and the bookkeeper maintains a complete inventory with tag numbers.

#### *Infrastructure*

The Franklin Township Schools have installed a district Wide Area Network (WAN) to provide data communication among the schools, e-mail and Internet access.

Currently the district is paying \$9,925 annually for Internet services. However, the district has received a Gloucester County Coordinated Services Grant which is scheduled to provide free installation of ATM lines, although the district will still pay a monthly ATM line fee, and free Internet access for school year 2000-01. After 2000-01, the district is scheduled to return to the FCC "e" rate, which it obtained from the Federal Communications Commission (FCC). The "e" rate subsidy reduces the cost of the district's Internet and internet-related services.

#### *Training*

In-district technology training is offered after school for teachers. In addition to these training workshops, the Penn Literacy Program, offered to teachers from Franklin and neighboring school districts, included a technology course offering in school year 1999-00.

District teachers have made use of the Gloucester County Educational Technology Training Center (ETTC) and the district is exploring the possibility of participating in further offerings by the ETTC.

The district budgets for out-of-district teacher technology training. To participate in out-of-district training, district attendees must agree to "turnkey" the learning experience, that is, provide information to other district employees from the knowledge gained at training.

**LGBR commends the district for the active use of technology observed in the classrooms and for the progressive goals and objectives outlined in the new Technology Plan. The district's policy of requiring attendees at out-of-district training to turnkey the learning experience bodes well for the continued integration of technology throughout the curriculum.**



## **Communications/Telephone**

A review of the district's telephone charges and CAFR report indicates a total general fund expenditure of \$37,315 and an enterprise fund expenditure of \$1,202 in the 1998-99 school year. The telephone charges include monthly charges for telephone lines, mobile telephones, pagers, alarms, and modems.

### *Telephone System*

The district recently purchased and installed a new digital telephone system for its Janvier Complex (administrative building, the Mary F. Janvier School, and the bus garage) through state contract. The total cost was \$30,440, which included the purchase and installation of 39 telephones, and employee training. The system was configured for 12 lines and 39 stations but has a capacity of 192 lines and 512 stations. It is the district's desire to expand this system to the entire school district in the future. The new system has voicemail enabling callers to leave messages when telephones are in use or when personnel are away from their desks. Along with telephones, the district has one fax line, call-in lines for staff to report their absences, several lines for modems for Internet use, alarms at each school and at the district's waste water treatment plant, and four lines for copier machine remote repair diagnosis. The administration office uses telephone lines for Internet use. The individual schools use T-1 lines for Internet and WAN purposes. In the near future, T-1 lines will be replaced with three ATM (asynchronous transfer mode) service lines allowing for high-speed transmissions permitting bi-directional video transmissions. The cost for the ATM service lines will be at a discounted rate through Bell Atlantic Access, \$400 per month for each line. All telephone lines are restricted from accessing 900 telephone numbers.

### *Caller ID*

The district recently purchased Caller ID lines on 14 telephones at a cost of \$8.50 per line, per month. The Caller ID lines were installed in the administrative office, Mary F. Janvier School and the bus garage to ensure that, should any menacing calls be received, the district would have a record of the telephone number.

### *Long Distance and Toll Calls*

In the 1998-99 school year, the district assessed its telephone costs (local, local toll, and long distance) and decided to change its telephone carrier in order to obtain a less costly service. A 65% saving was projected. The expenditure for long distance calls for the 1998-99 school year was \$3,655. It is estimated that year-end expenditures for the 1999-00 school year will be approximately \$3,000. The actual annual saving could not be calculated at the time of this review as service under the new carrier went into effect in the middle of the 1999-00 school year.

### *800 number*

The teaching staff all have district voicemail enabling parents to call them directly and leave messages. Because of staff schedules, the district is considering obtaining an 800 number, which will be made available to teachers to call in from their homes in the evening to obtain their messages. The cost of the 800 number plus message units to be used was unknown at the time of this review.

#### *Directory Assistance*

Telephone bills were reviewed for local directory assistance calls. During the 1998-99 school year, over one thousand directory assistance calls were made at a cost of \$.35 each. By utilizing telephone books and directory assistance web sites, these calls could be eliminated and a saving of \$360 could be realized. There is a \$1.40 charge for long distance directory assistance; however, telephone bills indicate that only a few long distance directory assisted calls were made.

#### *Personal Calls*

The district does not monitor telephones for personal calls nor does it have policy requiring personnel to reimburse the district for personal telephone usage. Staff members who make personal calls on the cell phones are required to reimburse the district.

#### *Accounting*

All invoices for communication usage are reviewed thoroughly by the bookkeeper and charged to individual general sub-accounts for each location. Telephone usage for school lunch program purposes is charged to the enterprise fund.

#### *Mobile phones*

The district has 32 mobile (cellular) telephones. Twenty-six of the telephones have been in the district for many years and are assigned to the bus drivers. Recently, the district purchased six additional mobile telephones, which also have two-way capabilities. These mobile telephones are assigned to the superintendent, business administrator, facilities/maintenance supervisor, two maintenance mechanics, and transportation supervisor. The monthly fee for each mobile telephone is currently \$13.99, plus charges for airtime and landlines. The total monthly bill for the mobile telephones averages \$550 and will cost the district approximately \$6,600 annually. There are no charges for calls between mobile telephones. At the time of this report, the business office was performing a cost analysis to determine usage for each telephone. Also, the district is considering an alternate plan for the mobile telephones in the buses.

#### *Pagers*

The district has two pagers assigned to the maintenance staff at a monthly cost of \$7 each.

#### **Recommendations:**

**LGBR recommends that the district initiate policy requiring district personnel to reimburse the district for personal telephone calls.**

**LGBR recommends that the district eliminate the use of directory assistance. Making more telephone directories available and utilizing directory assistance web sites would realize a saving of approximately \$360 annually.**

**Cost Savings: \$360**

#### **Auditor Fees**

Auditor fees are included as part of the general administration cost, which is recorded in the "other purchased professional services" category. The district has utilized the audit services of

the same auditor for many years for its annual audit. The district is very satisfied with the service it receives from this auditor, and does not seek proposals from others for audit services. The board appoints the auditor each year through resolution. The district expended \$11,835 for audit fees, which included \$2,310 to perform the enterprise fund audit. The district's business administrator prepared the Comprehensive Annual Financial Report (CAFR).

The review team conducted a comparative review of auditor fees paid by the Franklin, Mantua, Lindenwold and North Hanover school districts. With the exception of the Mantua School District, Franklin Township Board of Education paid the lowest auditing service fee in school year 1997-98 and 1998-99.

**Comparison: Audit Expenditures  
School Year 1997-98 and 1998-99**

	<b>Franklin</b>	<b>Mantua</b>	<b>Lindenwold</b>	<b>North Hanover</b>
<b>1997-98</b>	\$11,835	\$8,400	\$12,300	\$22,050
<b>1998-99</b>	\$11,835	\$8,400	\$12,500	\$26,440

**Recommendation:**

**The district should seek Requests for Proposals (RFP) for the purpose of promoting competitive audit fees and services from a number of accounting firms.**

**Board Member/Superintendent Expenses**

The district does not have a separate account to record board member expenses. All board member expenses are recorded in the miscellaneous account. The review team conducted an analysis of the miscellaneous account in order to identify the expenses incurred by the board members for the 1998-99 school year. It revealed that most of the expenses were paid for membership dues (\$7,566), food (\$1,401), workshops (\$1,791), district newsletters (\$2,385), tuition for the homeless (\$1,171), hotel accommodations (\$461) and miscellaneous (\$1,313).

The board does not issue credit cards. Dollar limits for travel, lodging and meal expenses are contained in board policy. Overall, board expenditures comply with the requirements of board policy.

**Recommendations:**

**The district should consider creating a new extended miscellaneous account to record board member expenses. The team is aware that an extended board member expense account is not required by the Department of Education, but it would provide a clear picture of board member spending for the district's own information and monitoring.**

## INSTRUCTION

The Franklin Township School District is comprised of three elementary schools: the Mary F. Janvier School serving grades K-2; and the Main Road and Caroline L. Reutter Schools serving grades 3-6. At the close of the 1998-99 school year, the district had an enrollment of approximately 1,535 students.

The district provides an array of instructional programs and services. These include a gifted and talented program, a basic skills instruction program, and special education services including a pupil assistance team. These programs exist in addition to the district's standard curriculum. The district also has a reading and recovery program that provides early intervention designed to help first grade children who are "at risk" of failing to learn to read and write.

The State of New Jersey Department of Education (DOE) 1998-99 School Report Card indicates that the district's students are engaged in instructional activities for five hours and 30 minutes per day. The state's average instructional time is five hours and 29 minutes. As depicted in the table below, the DOE's March, 1999 Comparative Spending Guide indicates that, of the three comparison districts, Franklin had the second highest student/teacher ratio and the highest student/administrator ratio.

**Student/Teacher Ratio and Student/Administrator Ratio  
1998-99 School Year**

<b>Ratios</b>	<b>Franklin</b>	<b>Mantua</b>	<b>Lindenwold</b>	<b>N Hanover</b>	<b>State Av.</b>
Student/Teacher	15.9	15.0	13.1	17.2	13.7
Student/Administrator	254.0	193.4	148.7	176.7	330

Source: NJDOE Comparative Spending Guide, 1999

### *Curriculum*

The district schedules curriculum revision and update on a five-year cycle. A current goal is to develop an overall literacy curriculum to replace the individual subjects of reading, language arts, spelling, and writing. Another initiative includes the development of a Spanish curriculum for grade K-6.

The district addresses varying developmental and transitional needs of students graduating from kindergarten to first grade by providing "T-1" classes. These classes are designed to address the needs of those students not yet ready for regular grade 1 classes. The curriculum in "T-1" classes provides a more "hands on" approach to meet these students' needs.

All district classrooms are equipped with computers that have access to the Internet. The computers are also outfitted with curriculum programs to remediate areas of academic need. These programs are compatible with all grade levels.

New Jersey public school districts are required to implement educational programs to ensure that students will be able to achieve the expectations defined in the Core Curriculum Content

Standards developed by the New Jersey Department of Education (DOE). Statewide testing programs for grades 4, 8, and 11 have been developed to measure student achievement under the Core Curriculum Content Standards.

The 1998-99 DOE School Report Card was the first to contain the results of the new statewide fourth grade standardized ESPA test. Scoring results on the ESPA rank from a low of partially proficient (PP), to proficient (P), to a high of Advance Proficient (AP). At each scoring level, PP, P, and AP, Franklin's fourth graders scored better in science than in either language or math. Conversely, their language scores were the weakest of the three subject categories at each scoring level.

That same year, on the California Achievement Test (CAT), a well established, nationally recognized, standardized test, between 87.4% and 97.7% of Franklin's fourth grade students scored at or above standard in reading, math and language arts. On the CAT, Franklin's fourth graders scored highest in reading and lowest in math. The district's results on both the ESPA and the CAT are presented in the tables below.

**Franklin Township School District  
Elementary School Proficiency Assessment (ESPA)  
1998-99 Test Results**

	LANGUAGE			MATH			SCIENCE		
	PP*	P*	AP*	PP	P	AP	PP	P	AP
<b>Franklin</b>	70	31	0	48	45	7	7	59	35
<b>DFG</b>	61	30	0	39	48	13	8	60	32
<b>State</b>	54	45	1	34	48	18	10	52	38

Source: NJDOE School Report Card – 1998-99

\*Percent of students scoring range – Partially Proficient (PP), Proficient (P), Advanced Proficient (AP)

**Franklin Township School District  
California Achievement Test (CAT)  
1999 Results**

<b>Grade Level</b>	<b>Reading</b>	<b>Math</b>	<b>Language Arts</b>
<b>Grade 3 - % At/Above Standard</b>	98.4%	96.3%	98.9%
<b>Grade 4 - % At/Above Standard</b>	97.7%	87.4%	95.8%
<b>Grade 5 - % At/Above Standard</b>	96.3%	94.5%	94.5%
<b>Grade 6 - % At/Above Standard</b>	95.2%	89.4%	90.9%

Source: Franklin Township School District Spring 1999 CAT Results

Students from Franklin Township School District, like those from the neighboring Elk Township School District, attend Delsea Regional School District for grades 7 through 12. As explained to LGBR team members, it is generally agreed that curriculum coordination among Franklin's three schools and between Franklin and Elk Township school districts, although pursued in the past, remains an area in need of attention and cooperation. Apparently, this situation is most evident when students enter seventh grade in the regional district at differing stages of academic preparedness. Beginning in the 1999-00 school year, Franklin and Elk have recommitted themselves to address this situation by creating a shared curriculum supervisor position. The curriculum supervisor, who has office space in both districts and shares time between them, is responsible for curriculum coordination between Franklin and Elk. It will require the cooperation of all three districts to successfully create and implement a K-8 shared curriculum.

#### *Per Pupil Expenditures*

According to the 1996 through 1999 NJ Comparative Spending Guides, Franklin Township has managed to keep its per pupil costs below the state average in most categories over the past four years. The following chart indicates that the Franklin Township School District had the second lowest total cost per pupil of the four school districts compared, based on the latest figures compiled by DOE.

#### **1997-98 Actual Total Cost Per Pupil**

<b>Total Cost Per Pupil</b>	<u>Franklin</u>	<u>Mantua</u>	<u>Lindenwold</u>	<u>North Hanover</u>	<u>State Avg.</u>
<b>1997-98 Actual</b>	\$5,705	\$5,558	\$7,293	\$6,346	\$6,697

Source: NJDOE Comparative Spending Guide, 1999

#### *Staff Development*

According to the curriculum supervisor, the district's staff development program varies from a turnkey approach (when a teacher goes out to a workshop or conference and upon her return, shares the knowledge obtained with colleagues), to district-wide and building level programs. Staff development is also provided through in-service training and through consortiums with neighboring districts. In addition, the curriculum supervisor meets with teachers at each grade level every other month.

The superintendent strongly supports staff development initiatives and encourages staff participation. The Comprehensive Annual Financial Reports (CAFR) indicates that staff development expenses for the 1998-99 and 1997-98 school years were approximately \$44,156 and \$25,055, respectively. The \$19,101 increase in staff development costs was attributable to expenses incurred for a year-long graduate seminar attended by 30 teachers and a summer workshop for teaching Spanish attended by 57 teachers. Staff development initiatives were supported with funds provided by the district and with funds obtained through the Improving America's Schools Act (IASA).

#### *Revenues*

School districts are funded by a combination of local taxes, state aid, federal aid, and other sources, such as local district surplus and tuition revenue. The 1997-98 NJ DOE School Report Card indicates that the state provided approximately 61% of the district's funding, with approximately 30% of funding provided by local taxes.

**The district is commended for joining with its neighboring K-6 school district to share the services and costs of a curriculum supervisor.**

### **Special Education**

The Franklin Township School District offers a range of special education programs for pupils with disabilities in line with the “least restrictive environment” required under the Individuals with Disabilities Act (IDEA). The following chart presents an overview of special education programs offered by the district.

<b>Special Education Programs</b>				
<b>Table I</b>				
<b>School</b>	<b>Ages</b>	<b>Self-Contained</b>	<b>Resource</b>	<b>Extended Year</b>
Janvier	3 to 5 years	2 – Preschool	Yes	No
	5 to 7 years	2 – LLD	No	No
		1 – MD	No	Yes
Main Road	8 to 11 years	2 – LLD	Yes	No
Reutter	8 to 11 years	1 – MD	Yes	Yes
		2 – LLD	No	No

NOTE: LLD – Learning/Language Disabilities  
MD - Multiple Disabilities

In the 1998–99 school year, the Franklin Township School District’s three schools served 166 students with disabilities. The district maintained one morning and one afternoon preschool program, eight self-contained special education classes, and seven resource center programs.

The resource program employed seven teachers and two aides who taught 76 students. The program utilized the “pull-out” option 60% of the time and the “in-class” option 40% of the time. "Pull-out" refers to bringing the student to a resource room for additional subject support. The in-class option brings the resource center staff into the classroom to work in tandem with the regular academic teacher. The classroom teacher provides the direct academic instruction.

In Franklin, when a resource center aide would otherwise have a free period he or she is assigned to a self-contained classroom that does not normally have an aide, or is assigned to cover support staff functions.

Table II reflects the distribution of self-contained classes in Franklin, and the number of students and aides as compared to the state regulations.

**Self-Contained Special Education Classes  
1998-99  
Table II**

School	Class Type	Age Range	State Regulation Max.# of Students	Students Enrolled	Aides	Aides Req.	Maximum Available Spaces
Janvier	PD/PSAM	3 to 5 yrs.	8 with 1 aide	7	2*	1	1
	PD/PSPM	3 to 5 yrs.	9 - 12 with two aides	9	2	2	3
	LLD	7 years	10	8	0	0	2
	MD	5 to 7 yrs.	8	7	2	0	1
	LLD	5 to 6 yrs.	11-16 with aide	11	1	1	5
Main Rd.	LLD	11 yrs.	10	8	0	0	2
	LLD	8 to 10 yrs.	11 - 16 with aide	12	1	1	4
Reutter	MD	3 <sup>rd</sup> gd	8	4	1 & 1-1 aide	1	4
	LLD	4 <sup>th</sup> - 5 <sup>th</sup>	10	9	0	0	1
	LLD	6 <sup>th</sup> gd	10	9	0	0	1
<b>Totals</b>				<b>84</b>	<b>8</b>	<b>6</b>	<b>24</b>

PD – Preschool Disabled

PSAM/PSPS – Preschool AM & Preschool PM

\*AM/PM - 2 aides work in both AM & PM classes.

Source: District Documentation

Table II shows that in school year 1998-99, 24 spaces were available before Franklin’s self-contained classes would reach the maximum number of students allowed under Department of Education regulations. Allowing for added enrollment of one additional student in each class during the school term brings this number down to 12 spaces. The review team recognizes that differences in age grouping and other legitimate circumstances may preclude the district from filling every special education classroom to capacity or that special situations exist as identified by the child study teams. The review team also realizes that, in some cases, “allowable capacity” means the “maximum” number of students, not the “recommended” number of students. Further analysis revealed the following details based on the needs of the students with disabilities that affected the number of aides and available spaces.

The preschool program housed a total of 16 students divided into a morning session (PSAM) with seven students and afternoon session (PSPM) with nine. Two aides worked in both sessions. N.J.A.C. 6A:14 requires one aide in groups up to eight students and two aides in groups of 9 to 12 students. Allowing for the addition of one student in each preschool class during the school term still requires only one aide in the morning session and two in the afternoon. Even under growth conditions, this eliminates the need for one-half of one existing teacher aide position.

LGBR recognizes that in seeking to stay within the state regulations on class size and the number of aides required, the particular needs of the special education student population must still be met. For example, a personal, one-on-one aide may be required by one or more student IEPs. However, such circumstances did not exist in Franklin’s preschool classes in the 1998-99 school year.



The Franklin Township School District has developed self-contained Multiple Disabilities (MD) classes within its own buildings. In this way, the district provides less restrictive in-district programs for those students with severe disabilities who otherwise would attend school in more restrictive and costly out-of-district settings. In 1998-99, the district had two MD classes, one at Janvier and one at Reutter schools. The addition of the MD classes has been beneficial to the students, has met the DOE requirement for LRE, and is a cost saving measure for the district.

State regulation N.J.A.C. 6A:14-4.7 requires one aide when there are 9 to 12 students in a MD class. Franklin's first MD class was started in 1996 at the Janvier School for students in kindergarten to second grade. In the 1998-99 school year, Janvier's MD class had seven severely disabled students and two aides. Neither of the aides was required under state regulation. However, in the district's assessment, the students in this class presented a range of multiple disabilities that required the addition of the two aides. The following year the Janvier School MD class had five students and one aide.

The first Reutter School MD class opened in 1998 with four students and two aides. These were students who had moved up from the Janvier School MD classes. One student's IEP required a one-on-one aide. Due to the diversity and severity of these students' disabilities, the district assigned one aide who was not required under state regulations.

In seeking to stay within the state regulations on class size and the number of aides required, the particular needs of the special education student population must still be met. The district should continue its efforts to carefully monitor these placements in order to utilize program capacity to the fullest extent possible.

### **Recommendations:**

**The team recommends that the district closely monitor the number of aides assigned relative to class size within the special education programs while continuing to use the IEP as the controlling factor in these determinations.**

**One full-time aide was not required due to class enrollments in the district's self-contained special education classes during the 1998-99 school year. LGBR recommends that this position be filled with a part-time aide.**

**Cost Savings: \$4,700**

**Additional spaces for 14 students were available in the special education self-contained classes in the 1998-99 school year. The district should consider consolidating classes where possible and/or seeking tuition enrollments from other districts where the classification and age ranges are compatible with the existing classes. One special education student from another district attended classes in Franklin Township on a tuition basis in 1998-99. The district received \$10,980 in tuition for this student that year. Enrolling additional students from other districts will generate further revenue for the district.**

The district's special education enrollment figures for the school years 1997-98 through 1999-00 are listed below in Table III.

**Franklin School District Special Education Enrollments**  
**Table III**

<b>CATEGORIES</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>
On Roll-Full-time	98	163	164
Sent to State Facilities	1	1	1
Sent to Private Schools	2	4	1
Sent to Regional Day Schools	1	0	0
Sent to SSSD	2	2	3
Sent to Day Training	1	1	0
<b>Total Out of District Placements</b>	<b>7</b>	<b>8</b>	<b>5</b>
Received-Full-time	2	1	1
Resource Room	87	N/A	N/A
Total Special Education (Excluding Speech)	184	166	162
Total District Enrollment	1,533	1,511	1,519
Total Percent Special Education Enrollment	<b>11.4%</b>	<b>10.7%</b>	<b>10.1%</b>
<b>State-wide Avg. Special Education Enrollment</b>	<b>12.1%</b>	<b>12.5%</b>	<b>12.8%</b>

Source: The October 15, 1999 Application for State School Aid and the December 1, 1999 Annual Data Report.

The three-year comparison in Table III reflects a 1% decline in total enrollment and a 1.3% decrease in the number of students with disabilities. In school year 1998-99, 10.7% of the district's total enrollment consisted of students with disabilities. This number is significant when compared to the 1998-99 unpublished DOE statewide average of 12.5% students with disabilities. In the 1999-00 school year, the percentage of students with disabilities again declined in Franklin to 10.1%, while the statewide average rose to 12.8%.

The district achieved the 10.1% ratio of students with disabilities to total enrollment despite having several students with disabilities move into the district in the 1998-99 school year. The addition of these students contributed to an increase in the 1998-99 special education tuition and transportation expenses. (See Table V.) The cost of special education is based largely on the number of students with disabilities, the severity of their disabilities, and tuition and transportation costs. Reductions in Franklin's special education expenditures may be attributed primarily to the two new self-contained MD classes, one of which opened at Janvier School in 1996, and the other at Reutter School in 1998. The MD classes have served to return students to the district, to lessen tuition and transportation costs and to respond to the Department of Education's requirement to place students in the least restrictive placement. Table IV details the expense of out-of-district placements.

**1998-1999 Tuition & Transportation Costs  
Out-of-District Students with Disabilities  
1998-1999  
Table IV**

<b>Placement</b>	<b># Students</b>	<b>Tuition Per Student</b>	<b>Transportation Average</b>	<b>Cost Per Student</b>
Private In-State	6	\$23,354 prorated average	\$8,536	\$31,890
Private Out-State	1	\$26,343	\$8,536	\$34,879
CSSSD	2	\$19,250 average*	\$8,536	\$27,786*
DHS Regional School	1	\$27,697	N/A	\$27,697
State Facilities	1	\$23,878	\$8,536	\$32,414

\*Plus \$18,000 for one-on-one assistant/aide.

Source: District recordation of placements through February, 1999

The average 1998-99 cost-per-pupil for the Franklin Township School District's out-of-district students with disabilities, including tuition and transportation, is estimated at \$31,240. The district has made an effort to transfer its students with disabilities from private and out-of-district placements to in-district programs or public placements, and to the Gloucester County Special Services School District. These efforts have helped keep Franklin's special education costs at approximately half the 1995-96 total of \$393,772. Rates for out-of-district placements vary according to the classification and program. The district has been resourceful in controlling transportation costs and, in one instance, benefited from opening the bidding to the parents of students with disabilities. A more detailed analysis of transportation costs is discussed in the Transportation section of this report.

Tuition costs for out-of-district placements dipped in 1997-1998 but rose again in 1998-99 (Table V). Eleven students were originally placed out-of-district from September, 1998 to February, 1999. Four of the 11 students had moved into the district during the 1998-99 school year. The overall tuition expenditures have been reduced by approximately 50% when compared to the 1996 school year. Although not as dramatic, the related transportation costs for out-of-district placements continues the trend to decrease expenditures during this same time frame.

**Franklin Township - Gloucester County**  
**Special Education Expenses**  
**Table V**

<b>Expenditures</b>	<b>1998-99</b>	<b>1997-98</b>	<b>1996-97</b>	<b>1995-96</b>
PI	\$224,945	\$251,810	\$298,402	\$333,927
AH	\$24,840	\$25,250	\$19,530	\$0
CH	\$91,275	\$150,101	\$147,355	\$146,838
MH	\$104,125	\$92,602	\$59,378	\$54,830
RR	\$334,345	\$337,976	\$320,195	\$302,119
PSH Pt	\$79,693	\$71,282	\$75,410	\$71,385
SPEECH	\$0	\$0	\$149,530	\$146,203
Home Inst.	\$0	\$0	\$10,275	\$14,537
Extra Ord.	\$0	\$0	\$37,211	\$33,069
<b>Special Ed. Instruction Total</b>	<b>\$859,223</b>	<b>\$929,021</b>	<b>\$1,117,286</b>	<b>\$1,102,908</b>
<b>Tuition</b>				
Tuition – Other LEA in State Special	\$89	\$1,334	\$9,153	\$17,707
CSSD & Regional Day	\$57,160	\$40,070	\$114,439	\$177,909
Private Handicapped in State	\$108,536	\$27,762	\$38,509	\$181,246
Private Handicapped out State/Other LEA's	\$29,328	\$23,512	\$36,162	\$16,910
<b>Tuition Total</b>	<b>\$195,113</b>	<b>\$92,678</b>	<b>\$198,263</b>	<b>\$393,772</b>
<b>Related Services Total</b>	<b>\$241,383</b>	<b>\$168,822</b>	<b>\$0</b>	<b>\$0</b>
<b>Extraordinary Services Total</b>	<b>\$14,227</b>	<b>\$41,773</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Support Svc./Special Svc. Total</b>	<b>\$270,853</b>	<b>\$253,539</b>	<b>\$234,342</b>	<b>\$223,758</b>
<b>Transportation</b>				
Home/School Special	\$69,781	\$65,102	\$101,716	\$111,047
Contract/Vendors SE	\$20,670	\$9,239	\$25,672	\$0
Joint Agreements SE	\$22,040	\$0	\$1,180	\$14,849
<b>Transportation SE Total</b>	<b>\$112,491</b>	<b>\$74,341</b>	<b>\$128,568</b>	<b>\$125,896</b>
<b>Capital Special Education</b>				
Equipment				
PI	\$0	\$1,907	\$3,487	\$653
AH	\$0	\$0	\$0	\$0
MH	\$7,865	\$4,995	\$0	\$0
Preschool Handicap Pt	\$4,043	\$0	\$0	\$0
Resource Room	\$0	\$0	\$3,497	\$652
Speech Inst.	\$0	\$0	\$3,817	\$545
Support Services	\$4,436	\$0	\$0	\$945
<b>Equipment Total</b>	<b>\$16,344</b>	<b>\$6,902</b>	<b>\$10,801</b>	<b>\$2,795</b>
<b>SPECIAL EDUCATION TOTAL</b>	<b>\$1,709,634</b>	<b>\$1,567,076</b>	<b>\$1,689,260</b>	<b>\$1,849,129</b>

The four-year comparison of special education expenditures on Table V shows the district's overall success in reducing special education expenditures despite annual fluctuations.

Table VI compares Franklin's per pupil special education expenditures to the three districts used for comparison purposes in this report. Among the four districts compared, Franklin has the second lowest average per-pupil cost in special education, the highest enrollment of students with disabilities, and the lowest percentage of students with disabilities to total enrollment.

**Special Education Expenditures District Comparison**  
**1998-1999**  
**Table VI**

<b>Expenditure</b>	<b>Franklin</b>	<b>Mantua</b>	<b>N. Hanover</b>	<b>Lindenwold</b>
Instruction	\$859,223	\$709,264	\$543,627	\$1,362,945
Resource Rm.	\$334,345	\$366,280	\$222,963	\$749,699
Preschool Handicap	\$79,693	\$67,209	\$5,411	\$133,321
Tuition	\$195,113	\$171,908	\$508,046	\$615,280
Related Services	\$241,383	\$126,065	\$186,088	\$0
Extraordinary	\$14,227	\$0	\$0	\$0
Support Services	\$270,853	\$280,824	\$460,247	\$475,436
Transportation	\$112,491	\$76,980	\$88,379	\$281,865
Capital/Equipment	\$16,344	\$0	\$50,500	\$1,190
<b>Total Special Ed.</b>	<b>\$1,709,634</b>	<b>\$1,365,041</b>	<b>\$1,836,887</b>	<b>\$2,736,716</b>
 <b>Average SE Cost</b>	 <b>\$10,056</b>	 <b>\$9,613</b>	 <b>\$13,028</b>	 <b>\$12,612</b>
<b>Total Enrollment</b>	<b>1,511</b>	<b>1,399</b>	<b>1,385</b>	<b>1,347</b>
<b>% Spec. Ed. to Enroll.</b>	<b>10.7%</b>	<b>11.8%</b>	<b>11.8%</b>	<b>15.9%</b>

Source: District CAFRA & unpublished DOE data.

### *Child Study Team*

The district employs six 10-month full-time child study team members. The district's supervisor of special education oversees the district's two child study teams and the special education program in the three schools. The special education staff and the supervisor carry a variety of responsibilities for both special education and regular students. The supervisor's responsibilities include, but are not limited to: testing for special needs students; budget preparation; case management for out-of-district students; teacher evaluation for both regular and special education; DYFS referrals; speech and language services; supervision of the Special Education Medicaid Initiative (SEMI) and the Early Periodic Screening and Diagnostic Treatment (EPSDT) programs; and service to the children of homeless families under the McKinny Act.

The primary responsibilities of the child study teams include evaluating and determining eligibility of pupils for special education and/or related services. Responsibilities extend to case management, coordinating, monitoring and evaluating the effectiveness of the student's IEPs and teacher consultations. Child study team services are also needed during the summer to complete referrals initiated near the end of the school term and to determine program eligibility for summer transfer students and first time preschool handicapped students in preparation for the new school year. These summer employment opportunities are individually contracted from among the regular CST staff.

CST members attend over 42 PAT (pupil assistance team) meetings per year and construct individual plans for mild to moderate academic and behavioral problems for regular education students. The district makes use of the pupil assistance teams under Section 504 of the Rehabilitation Act of 1973, which allows accommodations to be made for students to achieve in regular education settings rather than immediately referring them for possible classification. The child study teams work with Section 504 students.

CST staff also assist the regular education teaching staff with preventative intervention approaches for students experiencing academic and behavioral problems. They provide crisis intervention and counseling, outreach and training to parents, social skills lessons, support groups and friendship groups to regular education students in each of the three district schools.

Table VII highlights the overall enrollment in Franklin and the comparison districts, together with the composition and number of child study teams in each district, the grades serviced and certain related responsibilities.

**Comparison of Child Study Teams by Districts  
Special Education 1998-99  
Table VII**

<b>District</b>	<b>Enroll</b>	<b>CSTeams/ Positions</b>	<b>Referral</b>	<b>Reevals</b>	<b>Student Total Eval</b>	<b>Guidance Counselors</b>	<b>Summer CST</b>	<b>Grades/ # Schools</b>	<b>Extend Year</b>
Franklin									
Gloucester	1511	2 teams/6	49	50	99	0	yes	Pre-6th/3	Yes
Mantua									
Gloucester	1399	1.1 team/3.3	64	44	108	1 & 4/5	yes	Pre-6th/3	Yes
N. Hanover									
Burlington	1385	1.6 teams/4.8	94	36	130	4/SFIL*	yes	Pre-6th/5	Yes
Lindenwold									
Camden	1347	3 teams/9	68	59	127	5	yes	Pre-6th/3	Yes

\*SFIL – Student Family Intervention Liaisons

Source: DOE unpublished data

Table VII also indicates the lack of guidance counselors within the Franklin Township School District and shows the impact on the child study team staff to fill this void. In Franklin, the child study teams provide guidance to both the special and the regular education students in all three-district schools.

### **Special Education Medicaid Initiative (SEMI)**

#### **SEMI Payments to the Franklin Township School District**

<b>FY 1996</b>	<b>FY 1997</b>	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000*</b>	<b>TOTAL</b>
\$12,000	\$40,000	\$12,000	\$11,000	\$25,795	<b>\$100,795</b>

\*Data as of January, 2000.

The SEMI program provides an opportunity for school districts to claim available federal funds and to increase their revenues by claiming Medicaid reimbursement for services provided to eligible students with disabilities. Franklin Township has been claiming reimbursement for evaluations, speech, occupational therapy, physical therapy, psychological counseling, and individual health services. The total claims have amounted to over \$100,000 over the past five years.

As a result of the Local Government Budget Review, the district has added nursing services to their SEMI claims where applicable. Nursing services will increase the reimbursements approximately \$3,000 per year. The district will file retroactively for up to one year for these nursing services for an additional \$2,500.

#### **Recommendations:**

- **To add claims for nursing services where appropriate;**
- **To file retroactive claims for nursing services; and**
- **To continue to file claims on a regular schedule.**

**Additional 1999-00 Estimated SEMI Revenue Enhancement: \$5,500**  
**Subsequent Annual Estimated Revenues: \$3,000**

#### **Early Periodic Screening and Diagnostic Treatment (EPSDT)**

Franklin Township has taken advantage of the new Early Periodic Screening and Diagnostic Treatment (EPSDT) program. Under this program the district is eligible to receive reimbursement for administrative expenses related to the special education program. Claims data submitted under the EPSDT program indicates that the district may anticipate a minimum of \$16,000 in additional Medicaid reimbursement as of January, 2000 estimates.

#### **Basic Skills Instruction**

The Franklin School District Basic Skills Instruction Program (BSI) offers remedial services in reading, language and mathematics. The reading portion of the BSI program is provided through the district's reading recovery program.

The district uses several methods to assess students for remedial instruction, including daily classroom observations, progress reports, benchmark testing, and standardized testing. The table below indicates the number of students that were enrolled in the district's BSI program during the school years ending June, 1999, 1998, and 1997. This table also shows the percentage of students receiving BSI instruction compared to the total student enrollment during the three-year period.

#### **Basic Skills Instruction: Enrollment**

<b>School Years</b>	<b>1998-99</b>	<b>1997-98</b>	<b>1996-97</b>
Number BSI Students	169	140	146
Total Student Enrollment	1,535	1,574	1,674
% of BSI Students to Total Student Enrollment	11.0%	8.9%	8.7%

Source: Franklin Township Board of Education and CAFR Reports

The BSI program is administered each day during the school-wide “enrichment period.” The enrichment period is a block of time set-aside during the regular school day when students can participate in such activities as band, chorus, and other similar activities. Students in basic skills receive 30 minutes of remedial instruction in designated classrooms during this “enrichment period.”

Computers are used to supplement the BSI program. All BSI students have access to computers, which are equipped with instructional programs conducive to each student’s academic level. According to district personnel, during the 1998-99 school year, the BSI program was staffed with three full-time BSI teachers and six shared-time reading and recovery teachers. During the 1997-98 school year, there were three BSI teachers and four reading and recovery teachers assigned to the program. The district does not assign any aides to this function.

Based on information obtained from the district’s business office, the district reduced its 1998-99 overall BSI program costs and BSI per pupil costs, despite a 20% rise from the previous year’s BSI enrollment. In 1998-99, the BSI program cost \$234,672, or \$1,389 per BSI student. The 1997-98 expense was \$235,807, or \$1,684 per BSI student.

Costs of the BSI program are split between the general fund, instructional supplementary aid, and Title 1 funding. District records revealed that Title 1 funds covered approximately 69% of the cost of the BSI program during both school years.

### **Guidance Services**

The Franklin Township School District does not employ any full-time guidance counselors. The primary responsibility for guidance services falls on the schools’ principals. Students are generally referred for guidance by a teacher as a result of academic, social, behavioral or attendance problems. Depending on the severity of the problem, members of the child study team, with training and experience in counseling, are called upon to provide this service. Services provided by guidance counselors in other districts include the administration of standardized tests and the evaluation and recording of the results, supervision of peer mediation, scheduling of classes, coordination of data for interim progress reports, report cards, honor roll, and perfect attendance, and presentation of career information. Where these services are offered in the Franklin Township School District, school administrative staff provides them.

As a result, the district lists no costs for guidance services (support services-students-regular) on the Comprehensive Annual Financial Statement. Each of the other three districts in our comparative sample list some costs for guidance services. The table below compares the costs for guidance services with those districts.



<b>Franklin Township School District</b>				
<b>Guidance Expenses 1998-99</b>				
	<b>Franklin</b>	<b>Mantua</b>	<b>Lindenwold</b>	<b>North Hanover</b>
Salaries of Other Professional Staff	\$0	\$73,475	\$94,196	\$95,683
Other Salaries	\$0	\$0	\$0	\$10,081
Purchased Prof. & Tech. Services	\$0	\$9,619	\$0	\$220
Travel	\$0	\$0	\$0	\$0
Supplies and Materials	\$0	\$279	\$809	\$308
<b>Total Guidance Expenses</b>	<b>\$0</b>	<b>\$83,373</b>	<b>\$95,005</b>	<b>\$106,292</b>
Source: 1998-99 Comprehensive Annual Financial Report				

The district's guidance counselor staffing levels are below those recommended in the Department of Education's Comprehensive Plan for Educational Improvement and Financing. The plan calls for one guidance counselor in each elementary school with an enrollment of 500 students. Although the district has been successful in controlling costs in this area, additional guidance services may need to be considered in future plans.

### **Extracurricular Activities**

Being a K-6 district, Franklin Township Schools offer limited extracurricular activities. There are no clubs or athletic programs. Stipends, paid to staff responsible for the safety patrol and evening musicals, totaled only \$860 in school year 1998-99. Of the 67 K-6 public school districts in New Jersey, the Department of Education Comparative Spending Guide ranked Franklin 13<sup>th</sup> lowest in extra-curricular expenditures per pupil. The table below summarizes extra-curricular expenditures over the last three years.

<b>Franklin Township School District</b>				
<b>General Fund Expenditures</b>				
<b>Extracurricular Activities</b>	<b>1996-97</b>	<b>1997-98</b>	<b>1998-99</b>	<b>% Change</b>
Salaries	\$860	\$5,516	\$860	0.00%
Purchased Services	\$14,604	\$10,922	\$0	-100.00%
Supplies and Materials	\$758	\$624	\$573	-24.41%
Other Objects	\$1,572	\$1,571	\$1,392	-11.45%
<b>Total Co-Curricular Activities</b>	<b>\$17,794</b>	<b>\$18,633</b>	<b>\$2,825</b>	<b>-84.12%</b>
Source: Comprehensive Annual Financial Report				

The business administrator advised the review team that costs for purchased services in previous years were for field trips and these costs are now accounted for under the programs to which they pertain. This accounts for the decreased expenditures in those lines.

### **Library Services**

The Statement of Purpose in the Franklin Township School District's library curriculum addresses two main objectives: 1) to enable students to locate, evaluate, and interpret desired

materials, thus utilizing the library's resources effectively and efficiently; 2) to develop a lasting interest in authors and books, and an appreciation for the library as a prime resource in their search for knowledge.

Library instruction is part of the regular curriculum and each grade is scheduled for instruction with the librarian on a regular basis. Kindergarten students receive library instruction for 20 minutes per week for nine weeks per year. This is an enrichment program consisting primarily of reading in an effort to stimulate student interest. Grades 1 through 6 receive library instruction throughout the entire school year for 45 minutes per week. The district maintains a comprehensive library curriculum manual that provides a detailed description of the instructional components. Areas of instruction are coordinated so they are introduced, reinforced, and mastered as students progress through the grade levels.

In addition, the library curriculum, as it relates to the special education program, is structured to meet specific goals and objectives as described in the student's individual education plan.

Each district school contains a library staffed with one full-time librarian who holds certification as an associate media specialist. All of the libraries were visited by the review team and were found to be comfortable, attractive, and in good condition. Each library's catalog was recently automated and students may access the collection via computer. There are six computers with Internet access, at both the Main Road and Reutter Schools, and two computers at the Janvier facility. The district does not subscribe to any on-line reference resources. The districts' libraries help to coordinate joint events with the Franklin Township Library and the librarian there will, at times, work with teachers in the district on special research assignments.

The district falls well within staffing guidelines for librarians as described in the NJ Department of Education's Comprehensive Plan for Educational Improvement and Financing, and costs have remained stable. In addition the district compared favorably with the districts in our comparative sample, falling at the median cost per pupil for the four districts. The table below summarizes the district's costs for library services over the last three years.

<b>Franklin Township School District</b>				
<b>General Fund Expenditures</b>				
<b>Media/Library Services</b>	<b>1996-97</b>	<b>1997-98</b>	<b>1998-99</b>	<b>% Change</b>
Salaries	\$126,202	\$130,593	\$137,049	8.59%
Other Purchased Services	\$0	\$6,059	\$5,789	100.00%
Supplies and Materials	\$32,000	\$24,799	\$23,652	-26.09%
<b>Total Media/Library Services</b>	<b>\$158,202</b>	<b>\$161,451</b>	<b>\$166,490</b>	<b>5.24%</b>
Source: Comprehensive Annual Financial Reports				

### **Health Services**

The district maintains a written policy for health services. The policy addresses, in specific detail, the areas of student health services as listed below:

- 1) Control of Contagious/Infectious Diseases and Conditions;
- 2) Accidents & Illnesses;
- 3) Care of Injured or Ill Students;
- 4) Safety: Eye Protection;
- 5) Nursing Services to Non-Public Schools;
- 6) Exposure Control Plan for Blood-borne Pathogens;
- 7) Handling Body Fluids;
- 8) Administering Medication;
- 9) Health Examinations and Services;
- 10) Immunizations;
- 11) Child Abuse; and
- 12) Substance Abuse.

In addition, the district maintains a detailed job description of the school nurses' duties. The school nurses' primary duties are administering first aid and prescription medication, as required. In addition, the school nurse is responsible for scheduling, performing, or supervising the following:

- 1) examinations by the school physician;
- 2) vision and hearing tests;
- 3) height and weight measurements;
- 4) health examinations of school personnel;
- 5) tuberculosis surveys as required by state law;
- 6) personal hygiene inspections in classrooms;
- 7) required immunizations as prescribed by law; and
- 8) prepares and plans for scoliosis screening.

The school nurses' clerical duties include compiling health reports, health records, and statistical data on each individual that result from the activities listed above. They assist in the formulation of policies as they pertain to health services, develop health education curriculum, provide health education materials to teachers, and teach in special health-related areas.

The district also contracts with a licensed physician who functions as the school medical inspector. The physician agrees to examine every pupil in grades 3 and 6, all students referred by the child study team, all pre-school students, and all employees under the jurisdiction of the Township of Franklin Board of Education. The cost for these services in 1998-99 was \$12,444. The district compensates the school physician through payroll and provides benefits in the contracted price. District compensation to the physician is addressed in the service contracts section of this report.

Each of the district's schools has a nurse's station staffed by one full-time nurse. This falls within the staffing guidelines listed in the Department of Education's Comprehensive Plan for Educational Improvement and Financing, which allows for one nurse in an average elementary school of 500 students. Per pupil health costs for the district fall below the median of the four

districts reviewed in the comparative sample. Costs for health services have risen slightly in the last two years, primarily as a result of contracted salary increments. The table below summarizes health service costs over that period.

<b>Franklin Township School District</b>				
<b>General Fund Expenditures</b>				
<b>Health Services</b>	<b>1996-97</b>	<b>1997-98</b>	<b>1998-99</b>	<b>% Change</b>
Salaries	\$145,687	\$156,163	\$163,585	12.29%
Purchased Prof. and Tech. Services	\$0	\$1,425	\$0	0.00%
Supplies and Materials	\$4,313	\$4,350	\$3,509	-18.64%
Total Health Services	\$150,000	\$161,938	\$167,094	11.40%
Source: Comprehensive Annual Financial Reports				

## **BUSINESS OFFICE OPERATIONS**

### **Cash Management**

The district maintained all of its funds in six different accounts and various certificates of deposit at one bank. In addition to interest-bearing checking accounts for the general fund, payroll account, agency account, unemployment fund and summer pay account, during the course of the year the district deposited general fund monies into 34 CDs of varying amounts, rates, and terms. The district also maintained a student activity fund. That account, however, did not earn any interest. The student activity account was funded from the general fund at the beginning of the year and was used to pay for field trips. The table below provides a summary of the district's accounts.

<b>Franklin Township School District</b>			
<b>Account Listing 1998-99</b>			
<b>Account Type</b>	<b>Balances</b>	<b>Interest Rate</b>	<b>Int. Earned</b>
General Fund	\$454,688.54	2.05% - 2.25%	\$9,546.67
General Fund CDs	\$50,000-\$550,000	3.25% - 5.35%	\$66,781.51
Payroll Account	\$14,000-\$68,000	2.05% - 2.25%	\$907.48
Agency Account	\$19,000-\$68,000	2.05% - 2.25%	\$1,066.42
Summer Pay Account	\$0-\$137,000	2.05% - 2.25%	\$1,444.62
Unemployment Account	\$24,000-\$30,000	2.05% - 2.25%	\$579.48
Unemployment CD's	\$100,000	4.90% - 5.35%	\$5,126.84
Student Activity Fund	\$4,000	0.00%	\$0.00

Balances and interest rates varied throughout the year. A review of the district's bank statements revealed that the district earned an average of 2.11% on the average monthly ledger balance of its interest-bearing checking accounts, and that all service charges for all bank accounts had been waived.

Some banks provide detailed analyses of the interest calculations and service charge waivers on customers' accounts. Discussions with the school business administrator and the district's banking representative disclosed that analyses for the district's accounts were unavailable. In order to evaluate the pricing of the district's banking services, the LGBR review team needed to perform a manual calculation of the average monthly ledger balance from the daily balances listed on the bank statements. Since the majority of the district's balances were maintained in the general fund account, average monthly ledger balances were calculated for that account only. The estimation of the monthly service charges waived was based on the activity in all accounts. Since the comparison estimated approximate fees for all accounts, but only accounts for the balances in the general fund account, the resulting revenue enhancements could actually be slightly higher. The average monthly balance calculations and service charge estimations were used to compare the district's banking services to those of a similarly sized district using a different bank during the same fiscal year. The review determined that, although other banks reduce the balance available for investment by deducting reserve requirements and compensating balances for service charges, they generally pay higher interest rates. In effect, the lower rate becomes the vehicle by which service fees are offset. The table below shows detailed comparisons for an average month.

<b>Franklin Township School District</b>		
<b>Comparison of Banking Services 1998-99</b>		
	<b>District's Bank</b>	<b>Any Bank</b>
Monthly Average Ledger Balance	\$454,688.54	\$454,688.54
Reserve Requirement	\$0.00	\$45,468.85
Monthly Average Book Balance	\$454,688.54	\$409,219.68
Average Monthly Service Charges (Approx.)	\$0.00	\$278.98
Balance Required for Service Charges	\$0.00	\$71,251.75
Monthly Net Available Balance (Investable)	\$454,688.54	\$337,967.94
Average Interest Rate	2.11%	4.58%
Monthly Earned Interest	<b>\$800.13</b>	<b>\$1,289.91</b>

#### **Recommendation:**

**The district would benefit from a new Request for Proposal (RFP) for their banking services. The proposal should outline the specific services to be provided, the cost per unit of services, and the manner in which these costs will be paid.**

**Revenue Enhancement: \$5,000 - \$6,000/Year**

The district carefully monitors monthly receipts and expenditures in an effort to project their cash flow and maximize investment income. As previously stated, the district invested in 34 certificates of deposit with varying terms and rates during the fiscal year ended June 30, 1999. The district earned \$71,900 on these investments. The LGBR review compared the interest rate on these investments with the State of New Jersey Cash Management Fund (CMF) for the same time period. Where the district received an average rate of 4.74% on CD's, CMF paid an average rate of 4.97%. The comparison showed that CMF would have paid approximately

\$73,800 on those same investments. In addition, the liquidity of CMF would provide more flexibility in matching investments to cash flow. Although CMF imposes no wire charges for transfers to or from the fund, the district's local bank may impose such a charge.

### **Recommendation:**

**The Franklin Township Board of Education has already passed a resolution designating the State of New Jersey Cash Management Fund as an Official Banking Depository for the district. Utilization of this or a similar cash management fund would result in an increase in investment income.**

**Revenue Enhancement: \$1,000 - \$2,000/Year**

### **Surplus**

Surplus is the amount of money held in reserve and remaining when current year revenues have exceeded expenditures. Surplus is included in a district's budget in order to provide funds for emergencies or other unanticipated expenditures which are beyond the board's control. Sound financial controls are required to ensure that surplus funds are accurately estimated and used according to established guidelines.

The Comprehensive Education Improvement and Financing Act (CEIFA) N.J.S.A. 18A:7F-1 through 18A:7F-34, which became effective December 20, 1996, established a maximum allowable undesignated surplus of 6%. In accordance with N.J.S.A. 18A:7F-7, undesignated surplus that is over the allowable maximum is to be appropriated for budgetary purposes. The amount of surplus to leave in a budget can range from under 3% to 6% of anticipated expenditures. The state does not stipulate the minimum amount of surplus a district should maintain; however, since revenues are not always received on a timely basis and expenditures may vary from month to month, districts must anticipate their cash flow needs throughout the year and designate surplus accordingly.

A district's ability to estimate surplus accurately is strongly predicated on its success in establishing sound budgetary and internal controls. Procedures established in this regard are necessary to ensure adequate budgetary and financial control during the year and accurate accountability at year-end. These in-place control procedures can be utilized to institute corrective action by alerting management when significant budget and accounting data deviations occur from original estimates made.

Tracking trends in revenues, expenditures, and annual surplus can assist districts in estimating surpluses accurately. When district personnel prepare the budget, they know fairly precisely the amount of revenue the district will receive for the upcoming year. Over the past three years (1996-97 through 1998-99), the Franklin Township School District's revenue from the local tax levy, as a percent of total general fund revenue, ranged from a low of 30.72% to a high of 34.45%, and state aid from 62.72% to 67.31%. Interest on investments and tuition revenues provided less than 1% of the general fund revenue. Miscellaneous revenue ranged from a low of .76% to 1.91%. The following table illustrates the district's revenue distribution over the past three years for the general fund.

### General Fund: Revenue Distribution

General Fund	1996-97		1997-98		1998-99	
	Actual	%	Actual	%	Actual	%
Local Tax Levy	\$3,086,694	30.86%	\$3,086,694	30.72%	\$3,617,394	34.45%
Tuition	\$27,199	0.27%	\$19,459	0.19%	\$19,518	0.19%
Trans. Fees from other LEA w/in State	\$17,923	0.18%	\$19,080	0.19%	\$0	0.00%
Interest on Investments	\$79,196	0.79%	\$82,230	0.82%	\$78,302	0.75%
Miscellaneous	\$168,599	1.69%	\$76,767	0.76%	\$200,060	1.91%
State Aid*	\$6,623,287	66.21%	\$6,762,533	67.31%	\$6,585,778	62.72%
Total Revenue	\$10,002,898	100.00%	\$10,046,764	100.00%	\$10,501,053	100.00%

Source: Districts' CAFR

Excluded pension and social security contributions.

Over this period, the local tax revenues received by the district were exactly those budgeted. Projected state aid varied little. The district did not project revenue in the areas of transportation and tuition for any of the three years reviewed; however, it realized a total of \$103,179 from these sources over that time period. For school year 1996-97, the district did not project miscellaneous revenue, but actually received \$168,599. In school years 1997-98 and 1998-99, underestimates amounted to additional miscellaneous revenue of \$55,667 or an additional 264%, and \$175,060 or 700%, respectively. Profits from the sale an old school building explain the unanticipated increase in miscellaneous revenue in school year 1998-99. The district underestimated interest on investments by \$34,230 or 71% for school year 1997-98, and by \$28,302 or 56.61% for school year 1998-99.

As with estimates of surplus and expenses, this revenue underestimate means that the district made unnecessary fiscal demands on the local taxpayers. The review team encourages the district to work toward more accurate estimates of revenues and surplus.

The district's expenditures increased \$711,966, or 7.17%, from school year 1996-97 to 1997-98 and decreased \$291,857, or 2.74%, from school year 1997-98 to 1998-99.

In 1998-99, the Franklin Township School District expended approximately 60% of the general fund for salaries. Except during contract renewal years, districts should be able to determine, with reasonable accuracy, the budgeted amount needed for salaries; however, salary estimates can often be higher than actual expenditures as a result of resignations, retirements, etc., which may occur after the budget has been adopted. The other 40% of the general fund budget is more variable, although budget projections can be determined through the use of multiyear contracts, purchase agreements and by examining the history of prior revenues.

The following table illustrates the difference between the district's budgeted and actual revenues, expenditures, and surplus in general fund for school year 1996-97, 1997-98 and 1998-99.

	1996-97			1997-98			1998-99		
	Budget	Actual	Chg. in %	Budget	Actual	Chg. in %	Budget	Actual	Chg. in %
Local Tax Levy	\$3,086,694	\$3,086,694	0.00%	\$3,086,694	\$3,086,694	0.00%	\$3,617,394	\$3,617,394	0.00%
Interest on Investments	\$0	\$79,196	100.00%	\$48,000	\$82,230	71.31%	\$50,000	\$78,302	36.14%
Tuition	\$0	\$27,199	100.00%	\$0	\$19,459	100.00%	\$0	\$19,518	100.00%
Trans. Fees from other LEAs w/in States	\$0	\$17,923	100.00%	\$0	\$19,080	100.00%	\$0	\$0	0.00%
State Aid*	\$6,623,287	\$6,623,287	0.00%	\$6,750,594	\$6,762,533	0.18%	\$6,544,450	\$6,585,778	0.63%
Miscellaneous	\$0-	\$168,599	100.00%	\$21,100	\$76,767	263.83%	\$25,000	\$200,060	700.24%
Total Revenue	\$9,709,981	\$10,002,898	3.02%	\$9,906,388	\$10,046,764	1.42%	\$10,236,844	\$10,501,052	2.58%
Total Expenditures	\$11,007,447	\$9,937,293	-9.72%	\$11,480,946	\$10,649,259	-7.24%	\$10,696,659	\$10,357,402	-3.18%
(O)/U Expend	(\$1,297,466)	\$65,606	105.06%	(\$1,574,558)	(\$602,496)	61.74%	(\$459,815)	\$143,651	131.24%
Other Finance. Sour.	\$0	\$0	0.00%	(\$26,540)	(\$26,539)	0.00%	(\$40,820)	(\$40,819)	0.00%
Surplus or (Deficit)	(\$1,297,466)	\$65,606	105.06%	(\$1,601,098)	(\$629,035)	60.71%	(\$500,635)	\$102,831	120.54%
Beginning. Fund Bal.	\$2,087,519	\$2,087,519	0.00%	\$2,153,125	\$2,153,125	0.00%	\$1,524,090	\$1,524,090	0.00%
Ending Fund Bal.	\$790,053	\$2,153,125	172.53%	\$552,027	\$1,524,090	176.09%	\$1,023,454	\$1,626,921	58.96%
Fund Bal./T. Exp.	7.177%	21.667%	0.00%	4.808%	14.312%	0.00%	9.568%	15.708%	0.00%

Sources: The districts' CAFR

\*Excluded TPAF pension and social security contributions.

In 1996-97, to fund \$11 million in projected expenses, the board appropriated \$1.3 million from its \$2.1 million surplus balance, leaving a projected surplus of \$790,053 (7.17% of the projected general fund budget amount). According to the CAFR, the district under-spent the budget by \$65,606, which generated a surplus of \$2.15 million. As a result, the district's projected general fund surplus of 7.18% became a surplus of 21.67%. For the 1997-98 budget, the board appropriated \$1.6 million from surplus and estimated an end-of-year surplus balance of \$552,027 (4.81%). However, by the conclusion of the budget year the district had realized savings of over \$1.5 million. This generated an actual surplus balance of 14.31% of the budgeted expenses. During the 1998-99 budget, the board estimated a \$1 million surplus, but instead actualized a \$1.6 million or 15.71% surplus.

### **Recommendation:**

**It is recommended that the district develop methods to more accurately estimate annual budget expenditures and surplus balance. This should include a plan to determine the amount of surplus balance to be maintained for cash flow considerations, unanticipated expenditures and emergency building repairs.**

### **Long-Term Debt**

Franklin Township is a rural community comprised of approximately 55 square miles. A portion of the township is located in the Pinelands, a national reserve in which development is restricted to protect natural resources and water supplies. The township has no public sewerage facilities or public water system, which may also restrict the growth of the community.



### *District-owned property*

The school district owns several parcels of land and buildings:

<b>School</b>	<b>Grade Level</b>
Mary F. Janvier	Grades K-2
Main Road	Grades 3-6
Caroline L. Reutter	Grades 3-6
Lake Road School	Leased
Malaga School	Storage
Administration Building	N/A
Bus Garage	N/A
Maintenance Building	N/A

The bus garage, maintenance building, and the administration building are located on land adjacent to the Mary F. Janvier School. The Mary F. Janvier School houses kindergarten through grade 2. The Main Road and Caroline Reutter Schools each house grades 3 through 6.

The Lake Road School housed the preschool handicapped program until the 1997-98 school year. Also, space in the building was leased to a head start program. The entire school building is currently leased on a 10-month basis to a private school. The annual rental fee in the 1998-99 school year was \$42,000. The annual rental fee in the 1999-00 is \$44,100. The Lake Road School was built in approximately 1925 and was recently renovated. The administration does not wish to sell the school as it brings in revenue for the district. Also, the district has determined that the additional classroom space provided by the Lake Road School could be utilized for possible expansion in the future.

LGBR agrees with the district that it is advantageous to continue leasing out the Lake Road School and, if the need arises, use this school for additional classes.

Property adjacent to the Main Road School was donated to the district. This property may be used to expand the school if a future need arises.

The Malaga School is being utilized as a storage facility for both the municipality and school district. The administration indicated that the State of New Jersey, Department of Transportation has future plans to purchase the Malaga School property for purposes of road expansion.

### *Debt*

The district carries long-term debt on two buildings, the Mary F. Janvier School and the Main Road School. In December, 1986, township voters approved the issuance of bonds to finance the construction of an elementary school, the Mary F. Janvier School, and to construct an addition to the Main Road School. The bonds were issued in March, 1987 in the amount of \$6,680,000 to be paid over 20 years (1988–2007) at an interest rate of 6%. The district pays interest plus \$335,000 in principal payments annually until 2004 at which time the principal payment will be adjusted to \$330,000 annually.

### *Debt Service*

The State Debt Service Aid to the district varies each year. This portion of the tax levy is calculated upon the difference between the debt service and the payment due. According to the CAFR, in the 1998-99 school year, the State Debt Service Aid, Type II funded \$320,136 and the district raised \$194,504 in taxes to make the scheduled payment of \$514,639. As of June 30, 1999, a balance of \$2,659,000 was due on the bonds.

The October 15, 1998 Application for School State Aid (ASSA) indicates that enrollment was 1,533. According to district attendance data reported in the Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 1999, the district's average daily enrollment decreased from 1,645.2 in the 1992-93 school year to 1,534.8 in the 1998-99 school year.

Each year, the district budgets for annual capital outlay projects in its current expense budget. Expenditures in the 1995-96, 1996-97, and 1997-98 school years were \$96,014, \$255,890, and \$1,175,447, respectively. The capital outlay account may include new equipment, construction, remodeling, renovations, and the purchase of buildings. In the 1998-99 school year, renovations included asphalt paving at two sites, new flooring, boiler replacement and painting. By planning in advance and budgeting annually for renovations, the district has not had to incur any long-term debt other than that which is discussed above.

Due to Franklin Township's slow growth and the district's declining student population, the board has no immediate plans for expansion or purchase of new land or buildings. The land that the district currently owns would be sufficient to provide any foreseeable expansion if needed.

### **Grants Management**

The administration of grants is divided among several staff members. The Individuals with Disabilities Education Act (IDEA) grants are administered by the supervisor of special services. The newly hired Supervisor of Special Programs and Technology administers the Improving America's Schools - Consolidated Grant which includes Title I Part A, Title II - Eisenhower Professional Development State Grants (IKE), Title IV - Safe and Drug-Free Communities Act, and Title VI - Innovative Education Program Strategies. The business administrator is involved with the financial aspects of the grants.

In the 1998-99 school year, the Franklin Township School District was awarded \$357,781 in federal grants and \$298,689 state aid restricted grants. The following is a table of grants received in the last three years:

	1998-99	1997-98	1996-97
<b>FEDERAL GRANTS</b>			
Title I, Part A, Basic	\$162,667	\$162,667	\$111,633
Title II, Math/Science – IKE	\$6,752	\$6,084	\$5,474
Title IV-Safe and Drug-Free Communities Act	\$8,278	\$7,818	\$6,670
Title VI, Innovative Education Prog. Strategies	\$6,851	\$6,326	\$5,804
IDEA Part B, Basic, Regular	\$144,840	\$156,510	\$146,664
IDEA Part B, Building Capacity	\$7,668	\$0	\$0
IDEA Preschool	\$20,725	\$21,700	\$30,150
<b>Total Federal Grants</b>	<b>\$357,781</b>	<b>\$361,105</b>	<b>\$306,395</b>
<b>STATE GRANTS</b>			
Demonstrably Effective Program Aid (DEPA)	\$131,208	\$142,380	\$0
Distance Learning Network Aid	\$64,821	\$67,823	\$0
Instructional Supplemental Aid	\$102,660	\$108,656	\$0
<b>Total State Grants</b>	<b>\$298,689</b>	<b>\$318,859</b>	<b>\$0</b>
<b>TOTAL GRANTS AWARDED</b>	<b>\$656,470</b>	<b>\$679,964</b>	<b>\$306,395</b>

Eligibility for Title I grant monies is determined by the at-risk population as a percentage of the district's total enrollment. However, the monies can be spent only in those schools that are eligible because of their high numbers of at-risk population. In the 1998-99 school year, the Main Road School and the Caroline F. Ruetter School were eligible for, and received, Title I funding.

The IDEA Building Capacity Grant was available for the 1998-99 and 1999-00 school years, but will no longer be available for the 2000-01 school year.

Beginning in the 1997-98 school year, the state gave restricted aid to eligible school districts. Like grant money, this aid is accounted in Fund 20 and is to be spent according to state aid regulations. The district received Demonstrably Effective Program Aid, Instructional Supplemental Aid and Distance Learning Network Aid. Demonstrably Effective Program Aid (DEPA) is allocated according to a formula based upon the percentage of low-income pupils to total enrollment in each school; eligibility requires the figure to exceed 20%. In the 1998-99, the Caroline L. Reutter School's projected enrollment was 426. The school had 20.84%, or 89, low-income pupils. Consequently, the school received \$308 per pupil, totaling \$131,208. Instructional Supplemental Aid is based upon the number of low-income pupils as a percentage of the total district's enrollment, approximately 18% in Franklin. The district received \$348 for each low-income pupil in the district (295), totaling \$102,660. Distance Learning Network Aid is allocated to districts based upon estimated resident enrollment. The district received \$41 per pupil based upon a projected enrollment of 1,581 for a total of \$64,821.

There is one nonpublic high school in the district. The Delsea Regional School District receives state nonpublic school aid and distributes monies to the nonpublic school, as required.

Most grants allow the district to carry over funds not expended by the end of the school year. The CAFR indicated that \$4,814 of federal funds was unexpended in the 1997-98 school year;

these were carried over and expended in the 1998-99 school year. At the close of the 1998-99 school year, the district held \$18,980 in unexpended federal funds. Of the \$18,980, \$2,399 was Title IV funds and will be carried over, to be spent in the 1999-00 school year. The remainder, \$16,581, was the nonpublic allocation of the IDEA grant. The district reported that the nonpublic schools to which the monies had been allocated did not expend the funds. The funds were carried over into the 1999-00 year and, if not expended, will be returned to the grantor. A review of the past three fiscal years (1997-99) indicated that no funds were returned to grantors in that time period.

The district makes a concerted effort to expend all monies from grants and state aid in the same year they are allocated.

The district should frequently visit the New Jersey Department of Education web site, [www.state.nj.us/education](http://www.state.nj.us/education), click on “grants” and the United States Department of Education web sites, [www.ed.gov/inits.html](http://www.ed.gov/inits.html) and [www.ed.gov/funding.html](http://www.ed.gov/funding.html), for current information on available grant programs. These web sites provide an excellent source of information for schools to determine those additional grants for which they may qualify.

### **Purchasing**

The Franklin Township School District’s purchasing guidelines and procedures are outlined in board policy and regulations. The policy indicates that purchasing is the responsibility of the school business administrator. The board office employs a head bookkeeper and a bookkeeper to operate the accounting system, which includes payroll, purchasing, and fixed asset modules. The accounting duties are divided and both employees are extremely well trained and organized. The accounting files were found to be quite meticulous and deserve mention.

### *Accounting System*

The computer system used for purchase orders and the accounting system is one offered by the Gloucester County Special Services Commission (GCSSC). The district pays an annual fee of \$22,015 to GCSSC for on-line support of the accounting system. The district has been using this system for many years and is very satisfied with its performance and service.

### *Purchase Orders*

Requests for purchases (requisitions) are originated by principals and supervisors and approved by both the school business administrator and superintendent. The bookkeeper enters the purchase orders into the computer system. The superintendent and business administrator again approve purchase orders before they are mailed to vendors. The bookkeeper also reviews each purchase order for correct account numbers and reviews edit reports before purchase orders are posted. The bill list is presented to the board monthly and bills are paid after board approval. The board also approves transfers between line item accounts. District policy states that purchases made outside the approved manner become the personal obligation of the purchaser. The administration reported that this has never been an issue in the district. The district does not endorse issuing hand checks. Approximately five hand checks are issued each year.

**The district is to be commended for its competent accounting procedures, strict purchasing controls, and efficient office practices.**

*Purchasing Jointures/Cooperatives/State Contract:*

- Office Supplies – State Contract
- Instructional Supplies – State Contract
- Random Alcohol and Drug Testing for Bus Drivers – This professional service is provided by a cooperative program sponsored by a school district in Gloucester County.
- Copier Paper - Copier paper was purchased through a cooperative program with the Pittsgrove Board of Education. The municipality combines its copier paper order with the school's order and the school stores it until needed.
- AVA Materials and Services – The district is a member of the Gloucester County AVA Commission and receives services and audio visual supplies at a discounted cost.
- Environmental Consortium – The district participates in a consortium with approximately 30 area districts. Costs are shared for Right-to-Know training and other mandated training programs.
- Custodial Supplies – The district jointly bids for custodial supplies with Elk Township. Franklin Township also participates in this joint purchase program.
- Testing Materials – The district participates in a cooperative program for the purchase of instructional assessment materials with the Pitman Board of Education.
- Natural Gas – The district has participated in the Gloucester County Cooperative Program for the purchase of natural gas for three years. Records itemizing cost per therm from the 1996-97 school year to the 1997-98 school year indicate that the district has saved \$12,446. The district's cost for natural gas during the 1998-99 school year was \$70,340. Information on the savings per therm was not available for the 1998-99 school year. Comparing this saving with billing cannot be exact since natural gas needs vary according to the weather.
- Gasoline and Diesel Fuel – The district purchases gasoline and diesel fuel for its transportation vehicles through the Gloucester County Cooperative Program, enabling them to receive competitive prices for this commodity.
- Rock Salt – Franklin Township is a member of the Gloucester County Cooperative Program. All member school districts and municipalities are invited to purchase any of the items bid upon by this cooperative program. The municipality purchases and stores rock salt through this cooperative program and supplies the school district with this commodity, as needed, at its cost.
- Electric Consortium - Upon deregulation of electricity, the district joined in the Alliances for Competitive Energy (ACES), a cooperative program for bulk purchase of energy usage. ACES is coordinated by the New Jersey School Boards Association together with the New Jersey Association of School Administrators, and the New Jersey Association of School Business Officials for the purpose of facilitating the economical group purchase of electricity and energy related services for school districts. There is no cost to the districts for joining this cooperative. According to ACES, aggregate bidding will enable districts to realize a savings in the range of 8.75% - 13%. The district's electricity cost in the 1998-99 school year, was \$191,165. Based on past expenditures, it is estimated that the district will achieve a savings of approximately \$16,000 in 1999-00.

*Interlocal agreement*

The Franklin Township School District and Franklin Township have a signed agreement to enter into joint purchasing agreements whenever possible.

**The district is commended for its interest and participation in joint purchasing programs and sharing services.**

**Recommendation:**

**LGBR recommends that the district investigate purchasing from the NJ Department of the Treasury's Distribution and Support Services, where prices of available supplies and materials are typically 30% lower than many sources.**

*Other*

The district reviewed its telephone bills and determined that it could achieve a significant saving by changing long distance carriers. The district achieved a 33% saving in the 1998-99 school year.

**Payroll**

The payroll function serves approximately 250 employees, which includes 200 full-time employees and 50 part-time or substitute employees within the district. Payroll is processed twice a month with the support of the district's salary coordinator. The salary coordinator verifies all payroll changes, such as non-paid absences and variations for hourly employees, and manually enters the data into the system called "Education Management by Computer Center" (EMC). EMC is an on-line payroll system offered by the Gloucester County Special Services School District. EMC provides the district easy access to retrieve individual payroll files and runs the regular payroll automatically. During payroll cycles, the payroll data is transmitted from the district through modem. Checks are printed by the district for distribution.

The district also uses the Gloucester County Special Services School District's EMC to service school budgetary accounting, fixed assets, student and personnel information, transportation and student attendance. The district pays a total of \$20,000 per year for use of this system.

Each pay period, the district processes about 250 payroll checks totaling more than \$196,000. Stipends are paid out once a year in a lump-sum amount. Over-time expenditures are kept to a minimum through close monitoring and control by district management. The district has set up a separate account to record overtime pay. This account provides important information for budget and internal control.

**Inventory and Fixed Assets**

The recent conversion to Generally Accepted Accounting Principles (GAAP) for New Jersey school districts mandated that each district set up a General Fixed Asset Group of accounts and provide an inventory method to quantify the historical cost of fixed assets for the district.

Inventory stock and appraisal fixed asset lists provide organizations with valuable information. They not only list public assets, but also can help to identify theft, establish consumption guidelines, and prevent unnecessary purchasing.

The Franklin School district has an inventory list, which is maintained by the business office. The district uses the on line system which is connected to the Gloucester County Special

Services to record all fixed assets. A district staff member in the purchasing department keys into the system data for all permanent fixed assets at the time of the purchase. The district spent \$1,140 for the fixed assets system in school year 1998-99. At the end of the school year, the business administrator reconciles the fixed assets roster with the accounting ledger. The fixed assets roster provides all inventory information, including the acquisition cost, location, depreciation cost, etc. The district does not use the fixed assets report to insure its properties.

A sampling of fixed assets was reviewed. The team found that the items were properly recorded and tabbed. The district has a policy outlining the procedures for disposal of obsolete property and currently uses the highest sealed bid method to dispose of these items. A professional appraiser was hired to evaluate the school's fixed assets six years ago. Since then, no further evaluation of fixed assets has been performed.

### **Recommendation:**

**Since the district has not had a professional appraisal of its fixed assets for more than six years, the team recommends that the district bid this service. A revaluation of the district's property inventory and accounting cost records will provide the information necessary for proper insurance coverage.**

**One-time Value Added Expense: Approximately \$10,000**

## **SERVICE CONTRACTS**

### **Legal fees**

An analysis of the district's legal expenses over the past two school years, 1997-98 and 1998-99, revealed expenditures totaling \$12,028 and \$10,829, respectively. This represents a decrease of \$1,199 or 11%. A review of the vendor analysis records for school year 1998-99 showed that most legal fees were paid for consultation, litigation, and review of board agenda, policy and contracts. The Franklin School District has utilized the legal services of the same attorney for many years. The district is very satisfied with the service it receives from this attorney, and does not seek proposals from others for legal services. Only district administrators, such as the school superintendent, business administrator and board president are authorized to initiate contact with the board attorney.

The board contracts annually with the attorney, and pays him a retainer fee of \$1,500 a year through its payroll system. The contract does not state what services are provided under the retainer. Payment through the payroll system qualifies the attorney for enrollment in the state public employees retirement system's pension plan, and requires the district to pay social security and Medicare on the \$1,500. Since the attorney is not an employee of the school district, it is not appropriate to pay his retainer fee through district payroll. It is worth noting that in recent years, due to an excess of surplus in the pension system, the employer portion of the pension contribution has been waived. In the future, if this surplus is reduced, a contribution may again be required of the district.

The attorney does not receive paid vacation or sick leave. The board paid for the attorney's full family health benefits, including medical, prescription and dental. Apart from the retainer fees, he is presently compensated at the rate of \$110 per hour.

The review team conducted a comparative review of legal fees paid by the Franklin, Mantua, Lindenwold and North Hanover School Districts. It revealed that the Franklin Township School Board is paying the highest hourly rate for legal services.

#### **1998-99 Comparative Hourly Legal Fees**

	<b>Franklin</b>	<b>Mantua</b>	<b>Lindenwold</b>	<b>North Hanover</b>
Hourly rate	\$110	\$100	\$85	\$90
Retainer Fees	\$1,500	\$0	\$2,400	\$0
Total Legal expense 1998-99	\$10,829	\$8,518	\$38,322	\$2,960

#### **Recommendations:**

- 1. It is recommended that the district publish a Request for Proposals (RFP) for the purpose of promoting competitive legal fees. Also, the district should consider entering into a formal written agreement with its legal service provider, specifying the nature and extent of services to be provided, based upon the RFP. The contract with the attorney should also clearly delineate those services included in the retainer fee.**
- 2. LGBR recommends that retainer fees be paid through the voucher system rather than the payroll system.**
- 3. The nature of the contractual relationship between the district and the board attorney is that of an independent contractor, that is, a vendor to the board of education. The district does not, as a rule, provide health benefits to its independent contractors, nor should it. For this reason, it is recommended that the district's RFP for legal services should not include health benefits for the board attorney.**

**Cost Savings: \$5,467**

#### **School Physician Fees**

Following are the district costs relative to the school physician for the 1998-99 school year:

<b>Position</b>	<b>Contractual Pymt.</b>	<b>Bd. Share FICA</b>	<b>Medical</b>	<b>Dental</b>	<b>Prescription</b>	<b>Per Hr. Rate</b>
Physician	\$12,444	\$952	\$4,907*	None	None	None

\*Physician reimburses the district this amount through payroll deduction.

As stated above, only employees of the district who earn a minimum of \$1,500 per year qualify for pension benefits under the Public Employees Retirement System (PERS). The district pays the school physician through the payroll system, as an employee of the district, thus entitling him to pension benefits under PERS. LGBR sees no reason for treating this independent contractor as an employee of the district.



The school physician also receives the benefit of the district's group rate for hospital and medical plan. Since he reimburses the district through payroll deductions, no cost savings would accrue to the district by taking the school physician off the district's medical plan. Nevertheless, LGBR questions this practice and recommends that, in paying the school physician as an independent contractor, the board refrain from providing benefits.

### **Recommendation:**

**Based on the nature of the contractual relationship between the district and the school physician, it is recommended that the district make payment for services by voucher rather than through the payroll system. This will eliminate the need for payment of payroll tax on payments to the district physician.**

**Cost Savings: \$952**

## **INSURANCE**

### **Property and Casualty Insurance**

The district recently changed its property and casualty insurance carrier to a pooled insurance plan. Franklin, along with several other school districts, collectively purchase a property and casualty policy through a master agent who places one policy through the insurance company. There are many different methods of risk management available to a school district and this alternative is a viable one with its own advantages and disadvantages.

The Franklin Township Board of Education spent a total of \$35,965 for their commercial package policy for the 1999-00 school year, and \$65,613 for their workers' compensation insurance. The district has a respectable experience modification of 0.835 and receives a managed care credit of 20%. Franklin is also one of the first districts studied by LGBR that carries supplemental insurance in order to meet the state requirements. The district has also negotiated a premium discount.

The district does appear to be safe, as indicated through their experience modification, and they have saved money by shopping for coverage. The review team commends the district's business administrator for attending to safety issues.

### **Medical Insurance**

(See Section III. Collective Bargaining Issues)

### **Prescription Plan**

(See Section III. Collective Bargaining Issues)

### **Dental Plan**

The Franklin Township School District purchases employee dental insurance through a dental management organization. The district currently pays approximately \$94,500 per year for this

coverage. The dental plan establishes limitations of coverage, and includes a hard dollar cap, which has the effect of further limiting costs to the district. The district is commended for implementing these cost-saving measures as an integral part of its dental insurance benefit.

## **FACILITIES MANAGEMENT**

Franklin Township's facilities consist of approximately 185,589 square feet of space, in four schools plus an administrative building. The Lake School is leased to an early childhood program, although the district provides maintenance and cleaning as part of the lease agreement. The district also operates a bus garage and maintenance building that is excluded from this analysis. The former Malaga School, located on a State Department of Transportation right-of-way, is used solely for district storage and is likewise excluded.

### **Custodial Services**

The general observed condition of the facilities is good to excellent. The schools were clean and appeared well maintained. As reported in the debt service portion of this review, the district budgets annually for capital outlay to address the needs of the five-year maintenance plan, and has avoided long term debt to address ongoing capital requirements. The district is commended for this initiative to provide safe clean schools and long-term debt avoidance through the maintenance of district assets.

### **Franklin Township- School Facility Profile**

<b>School</b>	<b>Grades</b>	<b>Enrollment (Oct. 98)</b>	<b>Square Footage</b>
Mary F. Janvier	K - 2	599	64,660
Caroline L. Reutter	3 - 6	409	48,650
Main Road	3 - 6	516	59,361
<b>Total Instructional</b>	<b>K - 6</b>	<b>1,524</b>	<b>172,671</b>
Administration	N/A	0	8,046
Lake Road School	N/A	0	4,872
<b>Total</b>		<b>1,524</b>	<b>185,589</b>

To determine the cost effectiveness of day-to-day operations, the review team examined the level(s) of staffing and the overall cost of operations of the district's facilities.

### *Custodial Staffing*

During the 1998-99 school year, the Franklin Township School District had three full-time day custodians (assigned to Janvier, Reutter and Main Road schools). There were 12 full-time custodians providing night cleaning of the schools and administration building. A part-time employee cleans the Lake School. The district also employs approximately nine substitute custodians to cover for daily absentees, scheduled vacations and summer cleaning.

To identify potential cost savings, the review team analyzed custodial staffing needs using a quantitative, multi-step process based upon the size and use of the facility. The process calls for LGBR to:

- Review any existing district work and time standards for the various cleaning tasks within the schools.
- Review the custodial negotiated agreements to determine the number of work hours within a negotiated workday, and then reducing the workday by a rest allowance factor of 25%.
- Obtain floor plans of the facilities and inserting task data into a “time on task” matrix using district standards. If no time standards exist, as was the case in Franklin, use the following sample adopted from:
- “*The Custodial Staffing Guidelines for Educational Facilities*” published by The Association of Higher Education Facilities Officers; and “*Good School Maintenance*” published by Illinois Association of School Boards to determine required total cleaning time for each facility.

AREAS	AVERAGE TIME IN MINUTES	AVERAGE SQ. FT.
Cafeteria	150	10,000
Classrooms	15	1,200
Corridors	5	1,000
Entrances	5	112
Gymnasiums	45	10,000
Laboratories	20	324
Library/Music	30	15,000
Locker Rooms	25	1,960
Offices	8	1,200
Offices With Carpet	12	1,200
Restrooms	20	150
Shops/Art/Home Economics	30	1,200
Stairways	8	Per Flight
Teacher’s Lounges/Café	20	1,200
Auditorium	150	10,000
Multipurpose/Gym/Café	210	10,000
Multipurpose	40	2,400

Note: LGBR utilizes the above time standards for districts that do not maintain work time standards. The average time standard can be adjusted to reflect actual sq. ft. proportional to the standard sq. ft for an activity.

- Divide this total of minutes by the total work minutes available (after adjusting by the rest allowance).
- The result is the number of staff needed to clean the facility.
- Compare actual and computed employee counts to determine if any staffing adjustments can be recommended.

The review team completed the above analysis for the Franklin School District to establish if current staffing levels are appropriate. It was determined that the daytime allocation of custodial staff for basic (statutory) boiler maintenance and service, general porter services and cafeteria coverage was appropriate.

### Custodial Staffing Matrix Analysis Summary

	Currently Assigned	Suggested Staffing
Janvier*	4.5	4.5
Reutter	4	3.4
Main Road	3	4.2
<b>TOTAL</b>	<b>11.5</b>	<b>12.1</b>

\*.5 assigned to clean administration building.

As indicated, the current level of staffing is consistent with that suggested by the “time on task” matrix analysis. This finding would support that current night cleaning staffing is adequate. Given the current level of observed cleanliness in the schools, the review team would not recommend any changes in staffing or shift assignments at this time.

The review team noted that the district has specified summer hours of 7:00 a.m. to 3:00 p.m. for custodians. These hours are not consistent with the standard workday for outside contractors who perform work in the schools during summer months (7:00 a.m.- 3:30 p.m.). This generates an overtime requirement for custodians to close up schools after the contractor(s) leave. While the overtime expense generated by this requirement is not significant (less than \$600), it is unnecessary and could be corrected by modifying the summer contract day through negotiations.

#### *Cost of Operations*

The review process for identifying potential cost savings within the school district consists of the following:

1. Perform a square footage analysis for the district and compare the cost per square foot against regional benchmarks and other school districts reviewed by Local Government Budget Review teams. (For regional benchmarking, the review team utilizes the *American School and University [ASU]*, a national publication for facilities, purchasing and business administration. The ASU performs annual maintenance and operations surveys of school districts around the country. It provides reports on the cost to operate schools [including, but not limited to, payroll, outside contract labor, gas, electricity, heating fuel, equipment and supplies] on a regional level. Region 2 includes New York and New Jersey).
2. Identify and analyze budget lines and accounts that appear to be high in relationship to regional benchmarks and/or other districts.

The following table summarizes the Franklin School District’s cleaning, maintenance, grounds and utility costs per square foot for the 1998-99 school year:

<u>Category/Expenses in Dollars</u>	<b>Franklin \$</b>	<b>Franklin \$/S.F.</b>	<b>OCT 99 ASU \$/S.F.</b>
<i><b>Salaries</b></i>			
<b>Cleaning</b>	<b>430,957</b>	<b>2.32</b>	<b>1.70</b>
<b>Maintenance</b>	<b>103,080</b>	<b>0.56</b>	<b>0.41</b>
<b>Grounds</b>	<b>55,771</b>	<b>0.30</b>	<b>0.21</b>
<i><b>Supplies, Equipment and Contracts</b></i>			
Custodial Supplies	37,760	0.20	0.00
Maintenance Supplies	29,802	0.16	0.00
Grounds Supplies	6,708	0.04	0.00
<i>Total Supplies</i>	<i>74,270</i>	<i>0.40</i>	<i>0.29</i>
Contracted Services	52,993	0.29	0.28
Misc.	4,934	0.03	0.00
<b>Total Supplies and Contracts</b>	<b>132,197</b>	<b>0.71</b>	<b>0.57</b>
<i><b>Utilities</b></i>			
Natural Gas	69,564	0.37	0.31
Electricity	184,579	0.99	0.68
Other Fuel	0	0.00	0.24
<i>Subtotal (Lighting/HVAC)</i>	<i>254,143</i>	<i>1.37</i>	<i>1.23</i>
Water/Sewer/Trash	21,671	0.12	0.23
<b>Total Utilities</b>	<b>275,814</b>	<b>1.49</b>	<b>1.46</b>
<i><b>Total Maintenance and Operations</b></i>	<i><b>997,819</b></i>	<i><b>5.37</b></i>	<i><b>4.35</b></i>
<i><b>Insurance</b></i>	<i><b>73,480</b></i>	<i><b>0.40</b></i>	<i><b>0.17</b></i>
<b>GRAND TOTAL</b>	<b>1,071,299</b>	<b>5.77</b>	<b>4.52</b>

Source: 1998-99 Comprehensive Annual Financial report (CAFR)/district payroll documents, district budget documents).

Based upon the cost per square foot analysis, a more detailed review of the following areas was performed:

#### *Custodial Salaries*

Custodial salaries, expressed in dollars per square foot, are significantly higher than the ASU regional benchmark and other districts in the South Jersey area that were reviewed by LGBR in the past year. Combined with the cost of custodial supplies (\$37,760 or \$.20 per square foot as identified above), the district is expending \$2.52 per square foot for cleaning *exclusive* of the cost of pension and benefits. When the actual 1998-99 school year cost of benefits paid by the district for custodial staff are factored in, the square foot cost for school cleaning is \$2.98 per square foot.

Typically, higher salaries “per square foot” are the result of either excessive staffing, wages that are higher than average rates in the region, costly work rules and/or benefits in labor contracts, or a combination of these factors.

The following table summarizes the average hourly rates (exclusive of benefits) for the district’s maintenance, grounds and custodial personnel for the 1998–99 school year and compares them to regional benchmarks:

### Franklin Township - Facility Wage Rates (Excluding Fringes and Benefits)

	Franklin Average 1998-99	Regional Mean Rates 1998*
Grounds	\$9.68	\$9.30
Maintenance	\$17.90	\$19.69
Custodial	\$14.76	\$10.00

\*Source- "New Jersey Department of Labor 1998 Occupational Employment Statistics Wage Survey Burlington-Camden-Gloucester-Salem County Area." The regional rate for maintenance is computed by averaging the hourly rate for carpenters (\$20.10), electricians (\$21.90) and painters (\$17.00).

As indicated by this comparison, the Franklin average hourly rate for maintenance workers is below the regional mean, slightly above the mean for ground workers but significantly above the mean for custodial workers.

Since salaries and benefits drive the cost of cleaning, the district has limited choices if it wants to reduce expenses. It can either renegotiate salaries or outsource services.

Typically, when school districts bid out for a private sector firm to provide cleaning services, these bids are made on a cost per square foot basis. Based upon LGBR's experience, a contract to provide the same level of cleaning currently performed could be secured in the range of \$2.00 to \$2.20 per square foot. When compared to Franklin's 1998-99 cleaning cost of \$2.98 per square foot, the district could save between \$145,000 and \$182,000 per year by outsourcing. Given the current high level of cleanliness of Franklin's schools, the \$2.00 per square foot estimate with subsequent higher savings is more likely, since the contractor would not need to make a high initial investment to bring the buildings up to a "maintainable" level. However, for the purpose of estimating savings, LGBR will utilize the lower estimate.

LGBR recommends outsourcing as an alternative for the Franklin Township Schools. Given the present condition and cost of operations, current standards of cleaning can be maintained or improved at a significantly lower cost.

School districts that have had greatest success in contracting for custodial services have provided training for district personnel in the "art" of contract administration. Consequently, they are able to define and communicate in advance, by means of the published Request for Proposal (RFP), exactly what they require in areas such as salaries and benefits for potential employees, provisions concerning current employees, performance standards, and penalties for non-compliance. All of these factors have an impact on the final cost of the contract and quality of services received.

Contractors who provide these services are required to comply with all appropriate statutes regarding security and background checks for potential cleaning and maintenance employees. The better the contractor understands the needs and expectations of the district the better chance they will have to meet them.

Outsourcing can be a time consuming and difficult process. However, Franklin is well positioned to outsource cleaning services successfully. The schools are in good condition and the district has an excellent administrative staff who understand the process of contracting for services. The potential savings are significant.

### **Recommendation:**

**Outsource all school facility custodial services.**

**Cost Savings: \$145,000**

### **Utilities**

The district's lighting and HVAC expenses (gas and electricity) are approximately \$.14 per square foot higher than the ASU regional benchmarks (\$1.37 vs. \$1.23 per square foot). Even though these expenses are higher than the benchmark, they are consistent with other districts reviewed by LGBR staff in the South Jersey Gas and Connective Energy service areas. The district is taking advantage of competitive pricing for gas and electricity through cooperative purchasing and is commended for these activities.

### *Work Order System*

The schools utilize a manual form for requesting maintenance work. However, the district does not maintain a work order system to track, schedule, assign, and plan facility related work.

Regularly scheduled and preventive maintenance work is performed and completed, and verified by a "check list" (*Monthly Schedule of Periodic Tasks*) as part of a monthly report to the supervisor of buildings and grounds. Schedules are not automatically developed and distributed. There are no existing performance standards. Manpower and material costs are not assigned to complete work orders with routine status reports, with associated costs and budget balances, provided to district management.

This is not to suggest that work is not being properly scheduled and monitored. However, without a work order system, it is just not possible to determine. To the district's advantage, its schools reflect good maintenance and cleaning standards. Management has the opportunity to expand what it has built, continue to improve quality, and further reduce costs. To do this, the district must develop the ability to evaluate unit costs through a comprehensive work order process.

In districts such as Franklin, the work order process can easily integrate the requirements of cleaning, maintenance and grounds (whether contracted out or using district personnel) with the scheduling and use of facilities.

## **TRANSPORTATION**

### **Overview**

The high cost of transporting New Jersey's public and private school students has received increasing attention from the media, state and local officials and taxpaying residents. The review process examines the level of service provided to the students in the district as well as the costs of such services.

State aid is provided to qualifying school districts under the provisions of N.J.S.A. 18A:39-1 through 25, which stipulates that elementary school pupils who live more than two miles from their public school or secondary pupils who live more than two and one half miles from their public school are entitled to transportation to and from school. In addition, the statute grants students attending a remote school other than a public school, operated not for profit and located not more than 20 miles from the pupil's residence, transportation within the requirements of the New Jersey Administrative Code, Title 6:21-2.1. State statutory requirements include restricting the cost of non-public transportation to a stated yearly amount (1997-98, \$675, 1998-99, \$702, 1999-00, \$707). If transportation cannot be provided for this amount or less, parents are reimbursed the legislated amount.

There are several terms utilized to differentiate between students whose transportation to and from school is an expense recognized as necessary and, therefore, qualifying for state aid, and those students whose services are provided for reasons of safety or other local conditions or policies. Students who reside a qualifying distance from the school are said to live "remote from the school house" or are termed "eligible" under state aid requirements.

"Courtesy" busing is defined as transportation of students who reside two miles or less from the school for elementary grades and two and one half miles or less for the secondary grades. Under state guidelines, this transportation is unaided, if provided. The term "courtesy" busing is used interchangeably with "safety" busing, "hazardous" busing and "ineligible" students, again referring to state aid qualifications.

There are three elementary schools within the kindergarten through sixth grade Franklin Township School District; the resident middle and secondary school students attend the Delsea Regional School District schools.

### **District Operations**

The district transportation department consists of a transportation supervisor, a secretary, 21 bus drivers, four van attendants and two mechanics. There are 28 school buses, one all-purpose vehicle, a small utility van and a transportation pick-up truck being utilized and maintained for the transportation operation. Maintenance and grounds equipment and vehicles are also maintained by the mechanics.

The transportation office is located in the administration building on the property of the Marie F. Janvier School. The repair garage is also located on these grounds.



### **Transportation “To and From” School**

Transportation efficiency in public school districts can be defined as “seeking equal or improved services for fewer dollars.” The strategy of “tiering” bus routes and bidding the “tiers” as separate or combined packages is one of the methods utilized to increase efficiency and save transportation monies. When runs are combined or tiered, each vehicle is assigned to a group of runs, thereby utilizing the vehicle for as many hours during the day as is possible without compromising instructional time. The basic principal of efficiency in transportation is:

Yearly vehicle operational costs, i.e., lease or amortized cost, repair parts and labor, and insurance expenses remain stable, regardless of how many trips the vehicle is assigned to during the course of the year. (Excluding fuel, driver salaries, benefits, etc.)

When these operational costs are applied to Vehicle A for Year 1 at \$15,000 and that vehicle is assigned to only one elementary school run throughout the year, then the operational costs for that bus run would be \$15,000. The same vehicle assigned to runs for a high school, middle school and elementary school in the morning and afternoon produces a per run cost of \$5,000.

In-house staff and vehicles are utilized for regular to and from transportation in the Franklin Township School District. The school district covers an area of approximately 53 square miles, with the location of the individual schools well placed for the purposes of transportation efficiency.

The transportation supervisor is well organized, as demonstrated by the efficient manner in which the office is managed. During the interview process with the supervisor, a number of minor reporting errors were noted by the team. The supervisor responded positively and inquired as to the method and timeframe for correction. When questioned concerning account application errors, the supervisor stated that neither the county office of the Department of Education nor the school auditors had questioned the accounts. In one instance there were expenditures noted for management fees to an Educational Services Commission (ESC); however, there were no corresponding budget appropriations or expenditures noted in the district chart of accounts for ESC managed routes. The funds for the routes had been incorrectly charged to a vendor account.

The chart of accounts, as outlined by the New Jersey Department of Education, serves not only as a guide for business officials in the districts, but is an important tool for the department. Many decisions concerning finance changes are predicated on the accurate reporting of information in this format. Comparative data to be utilized for legislative purposes is drawn from this process as well.

The district routes are well managed with double and triple tiers being utilized. Drivers are paid only for their route times and the hours worked are monitored in a consistent and fair manner. The full-time drivers receive benefit packages. The hourly rate for bus drivers for the 1998-99 ranged from \$17.99 at the top of the guide to \$10.53 at Step 3. Routes are distributed by seniority.

Van attendants are employed to assist the drivers in the safe transportation of special education pupils. Their hourly rates ranged from \$11.42 to \$7.97.

### **Courtesy Busing**

Courtesy busing is defined as transportation provided for students who do not meet the state profile for students eligible for transportation to and from school. As stated above, pupil transportation is governed through statute, and school districts are provided with state aid for transportation for students who reside “remote” from the school.

Districts that transport students who live “less then remote,” or closer than the aided distances, are said to be providing courtesy busing. The districts which refer to this busing as “safety” or “hazardous” busing make the argument that a lack of sidewalks and/or busy roadways makes it unsafe for students to walk to and from school.

The following table gives an overview of courtesy busing in Franklin Township for the past three years:

<b>School Year</b>	<b>Courtesy Students</b>	<b>Regular Students</b>
1997-98	258	1,165
1998-99	266	1,097
1999-00	268	1,084

The regular student count excludes special needs, non-public and out-of-district special needs students.

The Franklin Township School District has a policy that governs the provision of courtesy busing for students who live along routes that the district deems hazardous. The district provides courtesy busing for non-public students in addition to its public school students.

As of October 15, 1998, the district reported a total of 266 public school students being provided courtesy busing. There were also three courtesy students bused to non-public schools.

While LGBR realizes that hazardous conditions and areas without sidewalks pose potential dangers to students who walk to and from school, providing transportation for less than remote students increases the tax burden on all citizens of the state.

LGBR also recognizes the futility of recommending the abolition of courtesy busing, particularly in an area such as Franklin Township, where the schools are located in a rural area with no sidewalks for safe pedestrian traffic. Therefore, the team makes the following suggestion:

### **Recommendation:**

**LGBR recommends that the district monitor the hazardous areas to determine if there is a continuing need for courtesy busing within the district.**

**Extracurricular Transportation**

District drivers are utilized during school hours and very few trips are approved that would result in overtime pay to the drivers. The number of trips taken by the district is small, and a review of the costs showed a mid range average with districts in other parts of the state.

**Non-Public Transportation**

Students attending private or non-public school are entitled to transportation under the same statute and guidelines that govern public school student transportation, i.e., elementary school pupils who live more than two miles from their school or secondary pupils who live more than 2 ½ miles from their school are entitled to state aided transportation. However, such transportation shall meet additional requirements. One of these requirements limits the cost of transportation for non-public students to a mandated amount which is determined by the state each year. When the costs of transportation exceed this amount, the district must reimburse the parents for providing their own transportation to and from the non-public school. The amount of the reimbursement to parents is also restricted by statute.

In addition, parents requesting non-public transportation for their children must file an application with the district by set deadlines, meet distance requirements, and have their children enrolled in a not for profit non-public school.

During the year of review, 1998-99, Franklin Township provided transportation to 149 non-public students and paid aid in lieu of transportation to the families of 30 students. Of the 149 students transported, three live less than remote and are courtesy students.

Transportation for these non-public students is supplied through a joint transportation agreement with the Delsea Regional School District. The 1998-99 District Route Report and the District Report of Transported Resident Students, filed with DOE for the purposes of assessing state aid, reflected route costs over the mandated limit for non-public transportation. However, in examining the invoices from Delsea Regional it was determined that Franklin Township was not over-spending in this area, but had only reported incorrect numbers based on information supplied by Delsea. The discrepancies were pointed out to the Franklin Township transportation supervisor, who notified Delsea Regional so that the errors would not be repeated in the future.

**Special Needs Transportation**

Transportation for students with disabilities in Franklin Township during the 1998-99 school year, was contracted through Delsea Regional, who bids as the LEA. Several of the out-of-district special education routes were operated in-house and there were contracts with two parents to transport their own students. The district was reminded that before entering into a parental contract, quotes or bids had to be solicited from private vendors.

**Regionalization**

The district, in cooperation with the Elk Township Board of Education and the Delsea Regional School District, has applied for a Regional Efficiency Development Incentive (REDI) grant to help finance the study, development and implementation of shared (regionalized) services in the area of pupil transportation.

In conclusion, the LGBR review team found the district transportation operations well run and very efficient. The problems discovered were almost entirely reporting errors subject to review by the Gloucester County Office of the Department of Education or the Department of Education's Bureau of Pupil Transportation.

**The LGBR team commends the district for investigating regionalization of transportation services with Delsea Regional School District and the Elk Township School District. While there may be no immediate cost savings, a merger of staff and equipment would eliminate the movement of bus drivers from one district to the other seeking better pay and benefits which only drives up costs. In addition, through regionalization, tiers could be added to the present drivers' schedules, providing long-range savings by allowing fewer drivers to perform more efficient routes.**

**The district is further commended for making application for grant monies available through the REDI program to finance the study and implementation of regionalized services.**

## **Vehicle Maintenance**

### *Overview*

Fleet maintenance plays a vital role in enabling school districts to achieve their missions. This function requires safe, well-maintained vehicles. The district's inventory of buses represents a major capital investment on the part of the district. In light of these considerations, it is imperative that the district operate an efficient vehicle maintenance program.

Some recommendations contained in this section require purchases of equipment. These value-added costs will produce long-term savings through greater productivity. Implementation of these recommendations will also result in longer service life of the district's fleet and long-term savings in acquisition costs. Greater availability of buses reduces the need for a large reserve inventory of vehicles to replace inoperative frontline vehicles.

The collection of data, cost and labor hours expended, at best is done on an informal basis. Proper data to accurately analyze the cost effectiveness of the maintenance operation was not available. Collecting and analyzing data is necessary to determine the cost effectiveness of any operation, especially vehicle maintenance.

### *Policies and Procedures*

The mission of any fleet maintenance operation should be to provide effective and efficient vehicle service that meets the needs of its users. The district does not have a policy and procedure manual, a mission statement, or services guide specific to vehicle maintenance. The lack of written policies and procedures creates opportunities for inconsistent and inefficient work, and inhibits performance evaluations and the development of training programs. The lack of standard operating procedures is particularly important in a setting in which strict working controls are critical to maintain a fleet.

**Recommendation:**

**Management should develop a vehicle maintenance and service guide for use by district employees who operate vehicles. Additionally, it is recommended the district establish a mission statement and standard operating procedures relating directly to the specific operations of the vehicle maintenance staff.**

*Parts and Supplies*

For the 1998-99 school year, the district purchased 75 cases (225 gal.) of motor oil, 10 cases (30 gal.) of transmission fluid, 90 gallons of antifreeze and 55 gallons of windshield washer fluid. None of these items were purchased through the state contract. Purchasing these items through the state contract would have reduced costs. Below is a chart displaying contract and district costs for these items.

**1998-99 Vehicle Maintenance Purchases: Vehicle Parts and Supplies**

	<b>District</b>	<b>State Contract</b>	<b>Savings</b>
Oil 15W-40 (75 cases)	\$1,102.50	\$807.00	\$295.50
Antifreeze (90 gallons)	\$490.30	\$179.00	\$311.30
W/W (55 gal. Drum)	\$54.45	\$37.95	\$16.50
Transmission fluid (10 cases)	\$150.00	\$138.60	\$11.40
<b>Total</b>	<b>\$1,797.25</b>	<b>\$1,162.55</b>	<b>\$634.70</b>

**Recommendation:**

**LGBR recommends that the district utilize the state contract for fluid purchases.**

**Cost Savings: \$634**

*Performance Standards & Mechanic Productivity*

The district does not use performance standards and benchmarks to monitor mechanic productivity. Direct labor is time recorded for the performance of actual repairs but not for indirect labor, such as procuring parts and other support functions. Without the benefit of performance standards or benchmarks, management cannot be assured that each mechanic is working to his fullest potential.

Salaries are the single most expensive item in a maintenance operation. As a result, mechanic productivity is the foundation of any efficient maintenance operation. The key to efficiency is maximizing productivity. In order for an operation to be efficient, a minimum of 95% of the mechanic's available hours should be recorded as direct or billable hours on repair orders.

An important component of tracking productivity is the utilization of a computerized fleet management program. A computerized fleet management program would provide the district with a host of features. Many programs have the following features:

- fleet inventory;
- work orders;

- complete maintenance and repair history;
- preventive maintenance and inspection scheduling;
- preventive maintenance checklists;
- preventive maintenance compliance;
- repair parts management;
- labor/mechanic productivity;
- tire and component costing;
- work pending records;
- fuel, oil and fluid history and consumption;
- work in progress; and
- warranty repairs.

The program's ability to track labor hours will allow management to gather data on the performance of each mechanic. With this data, the district can determine if each mechanic is meeting performance standards or if problems exist, i.e., poor work habits, lack of training etc.

As indicated above, a fleet management program can also provide critical data for a variety of other areas within the operation. Accurate data collection in all of these areas is also essential to an effective maintenance operation. Any system purchased by the district should be compatible with the county's automated fuel system.

#### **Recommendations:**

**Management needs to establish performance standards for the district's mechanics. In-house standards could be developed or commercial standards could be used.**

**LGBR recommends that the district purchase and utilize a fleet management program.**

**One-time Value Added Expense Hardware (computer): \$2,500**

**One-time Value Added Expense Software: \$7,500**

#### *Vehicle Equivalents*

Vehicle equivalents (VE) is a method used to determine the staffing level needed to maintain vehicles. It was developed by the US Air Force and is recognized by various fleet maintenance-consulting firms as one of the best guidelines for analyzing staffing levels. This method determines the average number of hours of maintenance and repairs a vehicle requires and converts those hours into VE. For example, a standard passenger vehicle requires approximately 17.5 hours of work per year. In contrast, a trash compactor truck may require 136 hours per year, which would be eight times the work of a passenger vehicle or an equivalent of eight VE.

Staffing requirements are determined by dividing the total hours required to maintain the fleet by the annual available hours of one mechanic. A full-time mechanic has approximately 1,750 hours available annually. This is calculated by deducting the average number of paid leave hours from a standard 2,080-hour year. The available hours are divided by the maintenance requirements for one passenger vehicle to determine the VE ratio. The industry standard is a ratio of approximately 100 VE per mechanic for an efficient maintenance operation.

### *Staffing and Workload*

Maintenance and repair of district vehicles and equipment is done primarily in-house by district mechanics. During 1998-99, staffing consisted of two full-time mechanics. Due to a retirement, the 1999-00 staffing changed to one mechanic and one mechanic's helper. These employees work a 40-hour, split shift week. The garage is staffed from 7:30 a.m.-4:30 p.m., Monday through Friday, to provide complete coverage while buses are on the road. According to the transportation coordinator, private vendors perform approximately 5% of the district's vehicle/equipment repairs. The district's 1998-99 burdened labor rate, based on data provided was \$35.86 per hour.

Based on the data provided, i.e., vehicle/equipment inventory, the district owns and maintains 28 buses (21 front line and seven spares), eight trucks and five pieces of equipment. In addition to maintaining its own vehicles, the district recently signed an agreement to provide preventive maintenance (PM) to nine police vehicles. As part of this arrangement, the township installed a lift in the district's garage. The team determined that the district has total of 125 VE's or a yearly requirement of 2,187.5 maintenance hours. Based on these numbers, staffing requirements should be 1.25 full-time employees (FTE).

With two mechanics, the district's maintenance program is over staffed by .75 FTE. The district has two options, increase its mechanical workload by 1,313 hours or reduce staff and contract out the work overage. The team recommends that the district reduce staff by one mechanic and contract with the township's public works department for servicing its overage.

Turning the nine police vehicles back to the township would reduce the district vehicle equivalents by 18, leaving 107 vehicle equivalents (VEs) for the district mechanic. Arrangements to deal with the remaining seven VEs, approximately 123 maintenance hours, could be made with the township. In addition, the lift provided to the district should be returned and installed in the township's three bay maintenance facility, which has only one lift.

Last year, the township automotive mechanics performed 353 hours of "other" public works duty, part of which could be used to assist the district. In 1999, the township's burdened labor rate was approximately \$31 per hour. One hundred twenty-three maintenance hours would add approximately \$3,820 to the district maintenance budget, which would be off set by the reduction of one FTE or \$32,475 in salary and benefits for total savings of \$28,655.

### **Recommendations:**

**Return the maintenance responsibility of nine police vehicles to the township.**

**Reduce staff by one FTE.**

**Cost Savings: \$32,475**

**Contract with the township for approximately 123 hours of mechanical repairs.**

**Value Added Expense: \$3,820**

## **FOOD SERVICE**

LGBR's review of the district's food service program encompassed a three-year period for the school years ending June, 1997, 1998 and 1999. The review consisted of interviews of various district officials and food service personnel, observations of cafeteria operations, and the analysis of food service documentation, and Comprehensive Annual Financial Reports.

Franklin Township School District participates in the National School Lunch Program (NSLP) which entitles the district to receive cash reimbursements and commodities from the federal government for each eligible meal served. In turn, the district is required to serve lunches that meet federal nutritional requirements and to offer these lunches free, or at a reduced price, to children from families whose income falls below certain specified levels. The district is also required to record the activities of the food service program in an enterprise fund account. The overall student participation rate for the 1997-98 and 1998-99 school years was 69.84% and 69.61%, respectively.

According to district records, the business office has competitively bid the operation and management of the district's food service program for the past 17 years. Despite this effort, the contract has been awarded to the same Food Service Management Company (FSMC) either because of a lack of responses from other FSMCs or because no other FSMC has been able to offer a more competitive bid than the current vendor. The present contract provides for the payment of a \$15,250 management fee and, at the district's request, includes a clause requiring the FSMC to hire 12 lunch aides. The lunch aides' wages are included in the costs of operation and are paid through a board subsidy. The subsidy for the 1998-99 school year was \$40,819. Approximately 90% of the subsidy was used for lunch aides' wages.

The current contract is for a period of one year, with the option of two additional one-year renewals. This contract expires at the end of the 1999-00 school year. At the time of this report, the district's current FSMC was one of only two vendors that responded to the district's RFP for the 2000-01 school year.

The NSLP requires school districts to be responsible for the overall operation of their food service programs even when the program is contracted out to a FSMC. Consequently, the district maintains direct involvement in the food service operation by on-site monitoring visits and other such activities. The district is most attentive in fulfilling these responsibilities.

Lunch is the only meal served in the district. Each school has a production kitchen and four lunch periods. The food service program staff consists of one supervisor, three cooks, 13 food service workers, and 12 lunch aides. The supervisor and the cooks work seven hours a day. Food service employees work less than five hours a day and lunch room aides work between 2¼ hours and three hours a day.

The district's 12 lunch aides are equally distributed among the district's three schools. In addition to supervising students, the aides are required to sweep and mop all dining rooms and kitchen floors in all schools, except for the Janvier School dining room where this task is handled



by the district's custodial staff. According to the cafeteria supervisor, one lunch aide at Main Road School and a lunch aide at the Reutter School restock the salad bars at these schools in addition to their regular tasks.

All food service employees, except lunch aides, are awarded seven sick days per school year. Health benefits, consisting of medical and prescription coverage only, are provided to food service workers who work a minimum of 1,000 hours per year. Currently, the only food service employees eligible to receive health benefits are the cafeteria supervisor, the three cooks, and two cashiers. Under the terms of the contract, these costs are paid for by the district. Food service workers are compensated at rates between \$6.00 and \$8.65 per hour and the cooks are paid at hourly rates ranging between \$8.10 and \$9.40. Lunch aides are paid between \$5.25 and \$6.50 per hour. According to a wage index published by the New Jersey Department of Labor, the FSMC's cafeteria workers and cooks are being compensated at industry rates.

In school year 1998-99, the district served 41,511 free, 23,417 reduced, and 92,612 paid meals for a total of 157,540 meals. The district currently charges \$1.50 for a student lunch and \$.40 for a reduced priced lunch. An adult lunch served from the students' menu costs \$2.25. Children who forget to bring money for lunch or lose their lunch ticket are served a full lunch. However, if this happens more than three times a week, the student receives a sandwich. The cafeteria supervisor keeps track of students receiving meals under these conditions and requests reimbursement from the students' parents.

The district recently introduced an adult menu at a cost of \$2.75 per meal. The purpose of this venture is to increase adult participation. A salad bar is also included in this new offering. The additional menu requires two food service staff members to work 1-1/2 additional hours per day. The cafeteria supervisor projects that the extra staff time devoted to this project will not affect payroll expenses because \$.25 of the increased lunch price will be used to offset these costs as the level of participation increases.

The following table reflects the revenues and expenses of the district's food service program for the school years ending June, 1997 through June, 1999.

**Franklin Township School District Food Services**  
**Comparative Statement of Revenues, Expenses and Changes in Retained Earnings**  
**For the Fiscal Years Ended June 30, 1999, 1998, and 1997**

	1998-99	1997-98	1996-97
<b>Operating Revenue:</b>			
School Lunch-Reimbursable Program	\$150,735	\$147,421	\$158,858
Daily Sales-Non-Reimbursable	\$68,519	\$74,393	\$55,479
Special Functions	\$4,834	\$4,500	\$5,903
Total Operating Revenue	\$224,088	\$226,314	\$220,240
<b>Non Operating Revenue</b>			
State Source:			
School Lunch Program	\$10,197	\$10,659	\$11,377
Federal Sources:			
School Lunch Program	\$133,426	\$136,085	\$136,384
Special Milk Program	\$3,305	\$3,107	\$3,462
USDA Commodities	\$22,130	\$25,876	\$23,027
Total Nonoperating Revenue	\$169,058	\$175,727	\$174,251
<b>TOTAL REVENUE</b>	<b>\$393,146</b>	<b>\$392,041</b>	<b>\$394,491</b>
<b>Operating Expenses:</b>			
Salaries	\$172,072	\$169,500	\$165,946
Benefits	\$25,524	\$23,503	\$22,246
Performance Fee	\$15,250	\$15,250	\$15,250
Repairs & Other Expenses	\$26,287	\$23,739	\$26,586
Depreciation	\$6,256	\$6,278	\$6,245
Cost of Goods	\$188,576	\$180,311	\$179,337
<b>TOTAL OPERATING EXPENSES</b>	<b>\$433,965</b>	<b>\$418,580</b>	<b>\$415,610</b>
<b>Net Income (loss)</b>	<b>(\$40,819)</b>	<b>(\$26,539)</b>	<b>(\$21,119)</b>
<b>Board Contribution</b>	<b>\$40,819</b>	<b>\$26,539</b>	<b>\$0</b>
<b>Retained Earnings – July 1</b>	<b>\$33,881</b>	<b>\$33,881</b>	<b>\$55,000</b>
<b>Retained Earnings – June 30</b>	<b>\$33,881</b>	<b>\$33,881</b>	<b>\$33,881</b>

Source: 1997, 1998, and 1999 CAFRS

\*Board contribution not reflected in 1996-97 CAFR.

As noted from the table above, the food service program experienced a cumulative loss of \$88,477 over the three-year period of review. The board also contributed a total of \$67,358 to the program during the 1997-98 and 1998-99 school years. Based on discussions with district personnel, the losses reported for the three years reviewed were principally attributable to factors such as an increase in operating expenses and wages, decreased enrollments, and less reimbursement from the state.

Food services sold 92,612 full price paid meals in school year 1998-99. If, at a conservative estimate, one third of these were adult meals, the remaining 61,741 meals sold to students for \$1.50 each. Had food services management charged the allowable \$1.85 per student meal, they could have realized additional revenue of \$21,609.

## **Recommendations:**

**According to the NSLP, the maximum amount that can be charged for an elementary school lunch is \$1.85. Based on the estimated number of student meals sold for \$1.50 during the 1998-99 school year, the district could have generated \$24,311 additional revenue by raising the price of lunch to the maximum allowable amount.**

**Revenue Enhancement: \$24,311**

**LGBR recommends that in future contracts the district focus cost savings efforts on reducing labor costs as a percentage of revenue in order to successfully manage the food service program on a balanced budget.**

## **DISTRICT CONFIGURATION**

A number of people interviewed for this report, including board members, administrators, and local citizens, commented on the district's limited kindergarten through 6<sup>th</sup> grade configuration. Comments generally arose from an interest in potential cost savings to be realized through a sharing of administrative positions with other near-by districts, or by reconfiguration of the district. The former option can be achieved through district-initiated shared services; restraints on the latter option are governed by state statute.

Following sixth grade, Franklin's students attend Delsea Regional School District (formerly Southern Gloucester County Regional School District). Delsea is organized as a limited purpose, Type II, regional school district serving grades 7-12 exclusively. It is comprised of two constituent districts: Elk Township and Franklin Township school districts, both K-6 districts. The regional school district, located in Franklin Township, consists of Delsea Regional Middle School, grades 7 and 8, and Delsea Regional High School, grades 9-12.

Within the present district configuration, it was suggested that the districts share additional administrative positions. Alternatively, two completely different district configurations were proposed. These three options are summarized below:

1. Utilization of inter-local agreements to combine duplicate administrative positions among the three districts. Suggestions were made that the three districts might explore shared administrative positions above the building principal level, and/or shared functions such as Curriculum Development, Transportation, and Maintenance. It should be noted that Franklin already has a strong basis of shared services (see the Shared Services section of this report).
2. De-regionalization, with Franklin and Delsea forming one K-12 school district, and Elk entering into a sending relationship for grades 7-12.
3. Merger of the three districts, Franklin, Delsea and Elk, into one regional school district.

The starting point in any discussion of school district reconfiguration is recognition that the ultimate authority for withdrawal from a school district lies with the local electorate under N.J.S.A. 18A:13-57. An informed review of options requires knowledge of each district's historical configuration, an analysis of the current impetus or motive for reconfiguration, and precise, reliable factual projections.

### **History**

Fifteen years prior to this review, in school year 1984-85, the Delsea Regional School District faced critical overcrowding of its one-building facility. Delsea's students had been on double sessions for 17 consecutive years, during which time its board of education had unsuccessfully presented seven bond referenda questions to the voters for the purpose of constructing additional school facilities. In 1984, the district failed to obtain certification from the Department of Education based on the state of its facilities. Delsea sought relief from its longstanding facilities problems through legal channels by petitioning the Commissioner of Education for an order "[directing] the issuance of bonds in an amount sufficient to construct a middle school." In the end, this extraordinary relief was granted (Contini vs. Board of Education of the Southern Gloucester County Regional School District, 1986 NJ School Law Decisions 796) but only after the Gloucester County Superintendent of Schools, upon petition by the Franklin and Elk township school districts, conducted a study to explore the feasibility of dissolving the regional school district to achieve de-regionalization. The county superintendent produced a separate report advising against such action.

The three-step dissolution process proposed by the Franklin and Elk Township School Districts in 1984-85, would have involved their withdrawal from the regional school district, the consequent dissolution of the regional district, and an equitable distribution of assets. As envisioned at the time, Franklin Township and Delsea Regional school districts would have become one K-12 district; Elk Township School District would have entered into a tuition-paying sending relationship with a separate regional school district for grades 7-12.

In weighing the advantages and disadvantages of de-regionalization, the county superintendent focused on the areas of governance, educational programs/services, facilities, finance, and staff/personnel. Reiterating that the proposal for de-regionalization was a direct result of the regional district's repeated failure to gain voter approval for the necessary capital construction funds, the superintendent found that de-regionalization would not solve the facilities problems which had been the motive for initiating the action. Neither the educational impact, nor the financial impact of de-regionalization, he concluded, made it advisable for Franklin and Elk to withdraw from the regional school district.

### **Current Studies and Initiatives**

In 1995, Ernest C. Roeck, Jr. of Rutgers, the State University of New Jersey, presented, "A Plan for School District Consolidation in New Jersey." The study found that New Jersey's more than 600 local school districts are among the smallest in the country, having an average of less than 1,800 students, compared with a national average of more than 2,600. The plan, as envisioned, would be implemented in two steps:

- “1. Each limited purpose regional high school district would become an all purpose K-12 school district;
2. Each district which now is the principal receiving district for secondary students sent from small elementary districts on a tuition basis would become the nucleus of a new K-12 regional school district including those sending districts.”<sup>1</sup>

The result of such action would be to reduce the number of local school districts in New Jersey by more than half. The paper projects an annual state-wide saving of more than \$32 million in 1990-91 in district administrative costs, and it suggests a potential future saving of \$200+ million in overall costs. The plan would reduce the disparities among school districts in the amount of locally taxable property per pupil and it would help to equalize local school tax rates.

Most recently, school districts exploring creative tax-saving initiatives, ranging from the creation of shared services to district consolidation or merger, have received encouragement in the form of financial support from the State Property Tax Commission’s Regional Efficiency Development Incentive Program (REDI) and Regional Efficiency Aid Program (REAP). These two state programs are designed to help local officials explore and implement new shared-service opportunities. REDI offers grants and loans to help local units study and develop programs. REAP assists with implementation, providing ongoing funds for the implementation of approved shared services. Any thorough present-day exploration of district reconfiguration can only be viewed in light of financial incentives available through these programs.

### **Current Objectives**

The main reason stated to LGBR for possible district reconfiguration is the possibility of cost savings. In either a de-regionalization or merger of the districts, it is possible that many of those administrative positions above the building principal level would be reduced by one or two positions. This might include the positions of superintendent and board secretary/business administrator, and could also extend to the administrative functions such as curriculum development, transportation, and facilities maintenance. In addition, the combining of these offices could foreseeably encompass reduction in their respective office staff. Any projected cost savings gained by de-regionalization must then be off-set by additional costs related to the administration of a larger district. These costs, which could be projected by a review of existing K–12 regional districts of similar size, might include the addition of assistant administrative positions such as assistant superintendent(s), an assistant business administrator/board secretary, etc.

### **Projections**

Equally important to the study of a district’s history and its current objectives in proposing a reconfiguration, is the timing of such action in light of regional demographic projections. Inherent to the question of timing with regard to the Franklin Township School District is consideration of present-day growth and development in southeastern Gloucester County. In the year 2000, Franklin Township businesses and residences remain totally dependent on private

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<sup>1</sup> A Plan for School District Consolidation in New Jersey, Occasional Paper Series #4, Center for Government Services at Rutgers, The State University of New Jersey, by Ernest C. Roeck, Jr., July, 1995.

wells and septic tanks. The same is largely true in Elk, which is a contiguously neighboring township. Both townships are located on the Route 55 corridor, approximately equidistant to Philadelphia and Wilmington. The area is demographically poised for growth and politically conflicted over that same possibility. The best example of ongoing conflict is the possible construction of several thousand housing units within Elk Township. This on-going land use matter was noted in the 1984-85 Gloucester County Superintendent's studies. Significantly, construction of those same housing units remains an unresolved issue 15 years later.

### **Conclusion**

A review of the documentation from the 1984-85 investigation into the possibility of de-regionalization, impresses upon the reader the time, expense, expertise, consultation and cooperation required to fully examine the question under the requirements of N.J.S.A. 18A:13 at Article 13 Limited Purpose Regional School Districts, Withdrawal From. If this question is to be revisited by any of these three districts, it can only be examined successfully with the equal interest of the other two districts involved. Historical perspective, motive, and timing are crucial in determining whether the matter is to be put before the electorate. The past attempt to de-regionalize failed because the motive failed to support the action.

### **Recommendations:**

- 1. It is recommended that the three school districts, Franklin, Delsea and Elk, explore the possibility of adding shared positions in addition to those of the Technology Engineer, shared by Franklin, Delsea and Elk, and the Curriculum Coordinator shared by Franklin and Elk. LGBR recognizes that the proposed sharing of transportation services among the three districts may provide an opportunity in this area. (See the Transportation and Shared Services sections of this report.)**
- 2. LGBR recommends an exploration into the possibility of commissioning a thorough joint study of the three districts to explore the educational and financial advantages and disadvantages to each district arising from alternate configurations of the district. Recognizing that the question of district configuration is governed by the voting public, LGBR suggests that the advisability of undertaking such a study be the subject of special public meetings to determine voter interest.**

Should the district decide to act on the above recommendations, it will want to apply for funding of the feasibility studies under the Regional Efficiency Development Incentive Act (REDI) administered by the New Jersey Department of Community Affairs (DCA), Division of Local Government Services. (See below, at p. 78)

### III. COLLECTIVE BARGAINING ISSUES

An area that frequently presents significant opportunities for savings is negotiated contracts. While they represent opportunities for savings, the savings and contract improvements are most likely to occur incrementally through a well-conceived process of redeveloping compensation packages to be equitable and comprehensive. For this reason, we present those issues subject to collective bargaining agreements separately in this section.

#### NEGOTIATED AGREEMENTS

The LGBR review team examined the district's two collective bargaining agreements and numerous individual contract agreements within the school district. The following chart illustrates the bargaining unit, the employees represented and the terms of the contracts reviewed:

UNIT	EMPLOYEES REPRESENTED	CONTRACT PERIOD
Twp. of Franklin Ed. Assoc.	Teachers	9/1/97–8/31/00
Twp. of Franklin Supportive Staff Association	Classroom Aides, Maintenance/Custodial, Transportation, Clerical Aides, Attendance Officer	9/1/98-6/30/01
20 Individual Contracts	Superintendent, 3 Principals, SBA, Technology, Special Services, Transportation, Facilities, Maintenance Supervisors, 3 Professional Service Providers, 5 Business Office Secretaries/Bookkeepers, Attendance Officer and a Part-time Messenger	Various

#### Health Insurance

With a few exceptions, the board pays 100% of all medical, dental and prescription benefit costs for the covered employees and their eligible family members. As of June 30, 1999, 96% of the district's employees had some form of medical coverage provided by the district. Four percent of the district's employees were not eligible for benefits. The healthcare provider for the district's employees is Ameri Health which offers the employees the following two healthcare coverage plans: The Traditional Comprehensive Program also known as the Comprehensive Major Medical (CMM) in which the insured is responsible for a deductible amount, and the Personal Choice Program known as the Preferred Provider Organization (PPO) in which the insured is responsible for a \$5 co-payment within the network system. Specific details on insurance coverage are included in this report's section on insurance.

### **Vacation/Holiday Leave**

According to the contract guidelines, all 12-month non-unit employees are entitled to a vacation after one calendar year from the date of their initial employment, ranging from 10 days after one year of service to a maximum of 25 days after 30 years of service with the exception of certified administrators. Certified administrators are entitled to 24 paid vacation days which may be taken at any time during the calendar year upon the approval of the superintendent.

The superintendent's three-year contract (7/1/97 – 6/30/00) entitles him to 30 paid vacation days annually. Together with the three personal leave days and 14 legal holidays recognized in the district, this adds up to 47 paid leave days, other than sick time, per year.

Prior to the 1999-00 school year, the superintendent's contract contained a conversion clause allowing a maximum of 10 vacation days per year to be converted to cash payment at the rate of 1/260. In his current contract, the superintendent and the board came to an agreement specifically providing that no such payment shall be made in the 1999-00 school year.

### **Recommendation:**

**LGBR considers the 30-paid vacation days provided for the superintendent to be excessive, given the reasonable provisions for personal and holiday leave. Full use of the provision for conversion of vacation leave in school years 1996-97, 1997-98 and 1998-99 confirms this assessment. It is recommended that in the future the board of education work to negotiate fewer vacation days than currently provided in the superintendent's contract.**

**LGBR commends the superintendent and the board for having negotiated an end to the vacation leave conversion clause and recommends that the board make a policy of disallowing conversion of leave days in all future contracts for employment.**

### **Sick Leave Incentive Plan**

Ten-month district employees receive 10 sick leave days each school year, while 12-month employees receive 12 sick leave days.

Upon terminating employment from the district after 20 or more years of continuous service, a teacher is paid \$17.50 per diem for unused sick leave at the time of severance from the system. Payment is determined by the total accumulated sick leave for the teacher at the time of severance. The maximum amount of sick leave incentive the district pays to a qualified teacher is \$2,500.

Support staff employees with at least 20 continuous years of employment are paid the following per diem sick leave incentive:

<b>Accumulated Sick Leave Days</b>	<b>Less Than 30 Hours/Week</b>	<b>More Than 30 Hours/Week</b>
120-150	\$5/day	\$7/day
151-180	\$10/day	\$14/day
181 or more	\$12/day	\$17/day



The maximum amount of sick leave incentive that a support staff employee can receive is \$2,800.

Except for the superintendent, none of the district's non-unit personnel have a sick leave incentive benefit. According to the employment agreement, the maximum one-time amount of sick leave benefit the superintendent can receive is \$21,000, payable upon termination of employment. The district's current contract with the superintendent is the first to establish a cap on sick leave at termination from that position.

**The board and superintendent are commended for establishing a cap on sick leave at retirement in the superintendent's most recent contract.**

### **Personal Leave Carryover into Sick Leave**

According to both the teachers' and the support staff's collective bargaining agreements, a full-time employee, who has been employed by the district for the entire year and has attained a perfect attendance record during that period, shall have two personal leave days converted to accumulative sick leave at the end of the respective contractual year. Perfect attendance is defined as being present for work on all days except for jury duty, workers' compensation and approved professional development days.

During the 1997-98 school year, 14 district employees attained perfect attendance records, which represented 7% of the total eligible population. In addition, during the 1998-99 school year, nine district employees attained perfect attendance records, which represented 5% of the total eligible population.

### **Longevity and Merit Bonus**

Neither the district's collective bargaining agreements nor the 20 non-unit contracts contain provisions for longevity payments or merit bonuses.

### **Additional Provisions**

The superintendent's contract contains a clause entitled "Other Provisions." This clause contains three subsections: 1) board payment of the superintendent's pension charges and contributory insurance; 2) board payment of supplemental insurance for the superintendent; 3) board purchase of a tax sheltered annuity to benefit the superintendent.

Beginning in the 1997-98 contract year, the school business administrator/board secretary's contract contained a clause for payment of a disability insurance plan "at a cost not to exceed \$1,050 annually, which will be provided at board expense." The cost to the district under this clause totaled \$1,109 annually 1997-98 and 1998-99.

### **Recommendation:**

**The above provisions added an average of \$8,886 per year to the superintendent's compensation package over the period reviewed, and \$1,019 to that of the board secretary/business administrator in each of the two years cited. LGBR recommends that, having decided to provide this additional compensation to these positions, the board do so**

**by salary increase. Provisions unique to district contracts, such as those for payment of pension and additional insurance, especially when those provisions do not contain a fixed dollar amount, can be confusing to the general public and make it difficult to assess the true cost of the position in question.**

### **Professional Development and Education Improvement**

With prior approval of the superintendent, the district pays for graduate or undergraduate courses at an accredited college or university with an annual monetary cap of \$675 for 1998-99 and \$700 for 1999-00.

During the 1998-99 school year, five district teachers were reimbursed for tuition costs totaling \$3,189. In addition, 30 district teachers took advantage of the Penn Literacy Network Program (PLNP) in which the 1998-99 program dealt with the math literacy standards. The program, conducted by the University of Pennsylvania, was held at the Franklin Township School District. The total cost to the district for the PLNP in 1998-99 was \$22,321. In 1999-00, 21 district teachers at a cost of \$10,924 took advantage of the PLNP in which the educators developed an understanding of the theory and practical implications of language learning. In addition, 11 teachers were reimbursed \$5,805 for tuition in 1999-00 for taking graduate and undergraduate courses.

### **Custodial and Maintenance Contracts**

A black seal license is required by the Department of Labor (N.J.S.A. 34:7-1) to monitor a low-pressure boiler system when it is in operation. Whenever a public building is occupied and a low-pressure boiler is in service, an employee holding this license must be on duty.

According to the language of the support staff contract, the board will assume the cost of obtaining and the cost of renewing the black seal license for district personnel where applicable. A three-year renewal license fee is \$20 per qualified employee. Eleven district custodians and two facilities maintenance mechanics possess a black seal license. The average pay differential for a custodial employee who holds a black seal license is an additional \$516 per year. In the 1998-99 school year, the total additional salary expense that the district paid for 11 custodial employees holding a black seal license was \$5,673. There is no pay differential for a district facilities mechanic who holds a black seal license.

### **Recommendation:**

**Although the possession of a black seal license is a condition of employment for all daytime custodians within the district, the review team questions whether it should constitute a basis for additional employee compensation. It is recommended that the district eliminate the two-tier salary structure for custodian employees through future negotiations and make holding a black seal license a prerequisite for any new hire custodial employee. Current employees who do not have a black seal license could be given a period of time to secure one and the district could assist by arranging for the necessary training and testing. Eliminating the two-tier salary structure for custodians would allow the district to**

**negotiate a more uniform salary structure with their custodial staff and would provide more flexibility in day and night scheduling, especially during periods of vacation and sick time usage.**

**Potential Cost Savings: \$5,673**

In conclusion, there were two collective bargaining agreements in effect during the period of the review. Both are three-year agreements. In addition, there were 20 non-unit individual employment contracts. The review team was favorably impressed by the cost savings measures already implemented under the negotiated contracts and agreements. These include:

- maximums on sick leave payment at retirement;
- restrictions on the use of personal and sick time;
- no longevity or bonus incentives to district employees; and
- reimbursement maximums and accountability requirements for tuition and training reimbursements

## **MEDICAL INSURANCE**

Franklin Township Board of Education participates in a pooled medical insurance plan. This is different from the health insurance funds found in New Jersey for most schools and municipalities. The district's plan insures approximately 3,000 lives for 12 school districts and one other organization. The estimated cost to the district for 1999-00 school year is \$848,000. It should be noted that the district has implemented cost savings by limiting district payment of family coverage to those employees who have completed three years or more of service with the district.

The review team compared the district's current plan costs to the State's Health Benefits Plan (SHBP). When the district was directly compared to the SHBP, the nominal costs of the state's plan were less expensive for the 1999-00 school year. This was based upon the assumption that employees who are enrolled in the PPO option would select the NJ Plus plan under the SHBP and those enrolled in the comprehensive major medical portion option would select the Traditional plan in SHBP. The district could save approximately \$77,000 if all employees switched into similar plans.

The review team recognizes that the above assumption may not provide an accurate measurement of savings among health care plans. Since different managed care plans have different doctors, it cannot be assumed that just because an employee group is enrolled in managed care with one plan they would migrate over to managed care with another insurer. The review employs the use of an alternative model, which accounts for migration patterns that mimic statewide averages for education employees. When the district's current costs for health care are compared to the SHBP based upon statewide averages, the district's plan is competitively priced. The review team estimated the 1999-00 costs within the state's plan to be \$862,000 or about \$15,000 more than the current plan.

The costs for 2000-01 are estimated to increase by 10.96% for the managed care plan and 13.9% for the traditional plan. This effectively increases the costs for the district from \$848,000 to \$950,000. This increase changes the district's plan from saving \$14,000 in 1999-00, to losing \$41,000 in 2000-01, when compared to the SHBP. The review team does not feel compelled to suggest moving this plan to the state because the savings are under 5% of the plan's cost and the district can save more than that through plan design changes. However, if this rate hike trend continues unabated, the district may feel compelled to look more closely at the state's plan in the future.

The district's plans are competitively priced currently, however, utilization of the Preferred Provider Plan is increasing at very high rates compared to the past. This will result in high increases in the future unless overall plan design changes are incorporated into the plan or risk factors for the group are reduced. The former could be accomplished by changing deductible levels and co-payment limits of the plan; the latter by increasing the group's size with populations that are lower risk, or will use healthcare less than the current population. This could be accomplished by recruiting more organizations to the group whose age and experience are judged favorably by the group.

A simple yet useful tenet can be expressed regarding the choice among health care plans for public entities in New Jersey. If a local entity is willing and able to negotiate plan design changes and cost sharing arrangements with its employees, then being outside the SHBP is a viable and a cost-effective option. Otherwise, it is usually more cost effective to be enrolled in the SHBP. Franklin Township Board of Education is facing this very quandary. If it wishes to remain outside the state plan and remain cost effective, the school district needs to undertake some cost controlling strategies in order to make its plan more cost competitive vis à vis the state plan. Since the district is in a pool, there are limitations on what can be implemented to apply just to this district, other than cost sharing with its employees.

The district can save money by negotiating with its employees to charge them the difference between the two plan costs. If an employee selected the higher priced plan, that employee would then pay the difference between plans. Using 2000-01 rates and enrollment data from February, 2000, the district could save \$93,900 by employing this technique. The district would then encourage employees to exercise economic judgement in health care plan choices.

### **Recommendation:**

**In its next round of negotiations, the district should discuss the possibility of using a benchmark plan establishing the maximum costs the district will contribute toward healthcare.**

**Potential Cost Savings: \$93,900**

An additional tactic that could be employed is to charge the employees for a portion of their healthcare costs. There are two different methods that could accomplish this. If the district were to charge a 10% co-pay for all employees or a 20% other-than-single co-pay for employees who have more than single coverage. The first method applies to all employees fairly and can be

done for up to the board's contribution, as outlined in the paragraph above. The second method holds single coverage as a free level of coverage and can induce employees to drop duplicate coverage within a family.

Since the district is outside of state health benefits, the possibilities of charging everyone a portion of their healthcare exists. If the district were to charge 10% of health care costs, it could save \$85,600. If the district were to charge 20% for other-than-single charges, it could save about \$88,600. These savings are based upon the PPO rates being the benchmark rate. These amounts would of course change if the district did not employ a benchmark cost-sharing plan. The 10% cost share would increase savings to \$95,000, while the 20% other-than-single cost sharing strategy would drop savings to \$75,200.

**Recommendation:**

**The district should also negotiate for a cost sharing for all employees or for all "other-than-single" employees.**

**Potential Cost Savings: \$75,200 - \$95,000**

**Prescription Plan**

The district has a prescription plan that has become a serious cost driver in the benefits portion of the budget. The district has considered using a benchmark cost strategy, whereby the employee would be required to pay a portion of the premium after the costs exceeded a certain amount. The district currently does this for dental costs. According to the broker, the prescription plan would be exposed to adverse selection if this type of cost containment methodology were employed. The district spent approximately \$265,000 on prescription costs in 1999-00.

The district is anticipating a 25% increase in rates in the 2000-01 school year. This would increase prescription costs to \$332,000. The bids were not final as of May 15, 2000. Employees currently have a \$0-generic/ \$10-brand name co-pay. The district is trying to negotiate a \$7-generic and \$15-brand name co-pay with their teachers' bargaining unit. The broker estimates savings of approximately 4-5% for this change in plan design, that is, about \$13,300 - \$16,600.

The review team strongly recommends district action to control prescription costs. District employee drug utilization rates have been escalating, and the costs for newly introduced prescriptions are rising at alarming rates. The review team recommends that the district consider a three-tier co-pay. This would allow the district to charge three differing rates for medications based upon a drug formulary developed by the prescription benefit manager. All medications currently provided under the plan would still be covered, but the levels of co-payment would change dependant upon the plan's design. According to a national pharmacy benefit manager, the savings estimate for this type of formulary design should result in savings of 8%-12% or about \$26,500 - \$35,800.

**Recommendation:**

**The review team suggests negotiation of a three-tier co-pay for prescription plans.**

**Potential Cost Savings: \$26,500 - \$35,800**

## **IV. SHARED SERVICES**

Tremendous potential for cost savings and operational efficiencies exists through the implementation of shared, cooperative services between local government entities. In every review, Local Government Budget Review strives to identify and quantify the existing and potential efficiencies available through the collaborative efforts of local officials in service delivery in an effort to highlight shared services already in place and opportunities for their implementation.

### **Random Alcohol & Drug Testing for Bus Drivers**

The Franklin Township School District is one of approximately 26 Gloucester County districts participating in this cooperative organized by the Clearview Regional School District. Each cooperating district pays the contractor directly for performance of mandated testing and random samplings.

### **Personnel**

The school district shares the following two positions: Curriculum Coordinator and Network Engineer. The Curriculum Coordinator is employed by Elk Township School district, and her services are shared with Elk Township School District. The Network Engineer is a Franklin Township School employee, and his services are shared three ways, with Elk and Delsea Regional School District.

### **Transportation Services**

The Franklin and Elk Township School Districts, together with the Delsea Regional School District, are working toward shared transportation services for the 2000-01 school year. While a project of this size may take time to coordinate to the satisfaction of all concerned, the regionalization of transportation among these three districts may provide occasion to explore additional sharing of personnel, equipment, facilities and purchasing.

### **Custodial Supplies**

Franklin serves as the lead LEA for this cooperative, putting out the RFP for custodial supplies. The Elk Township, Clayton, and Upper Pittsgrove Township school districts participate, as does the Delsea Regional School District. Franklin Township also participates in this cooperative effort to obtain better bid prices for larger quantities of these supplies.

### **Natural Gas – Gloucester County Cooperative Purchasing**

Franklin Township School District has participated in this cooperative since 1997-98. While the need for natural gas changes each year, making it difficult to compare savings, Franklin's natural gas costs declined for \$86,333 in 1996-97 to \$67,084 in 1997-98.

### **Equipment, Facilities and Services, Franklin Township**

- The school district is provided free use of the township's landscape maintenance equipment, such as backhoe, mowers, etc.
- The township picks up the district's trash and recycling materials at no charge.

- The district provides the township fee-free use of buildings and grounds for municipal recreation and youth sports programs. Fees are charged only when custodian overtime or holiday employment is required. In addition to municipal recreation programs, the town community day is held on school grounds.
- The district provides storage of copier paper for the township.

### **Rock Salt - Gloucester County Cooperative**

The municipality is a member of the Gloucester County Cooperative that purchases rock salt in bulk quantities. The municipality purchases the salt through the cooperative, stores it, and provides rock salt to the district as needed, billing the district at cost.

### **Copier Paper – Pittsgrove Township/Gateway Regional Consortium**

The board of education participates as a member of this consortium, purchasing copier paper in quantities that provide a savings over individual orders. The board also purchases for the municipality, charging them at cost, and stores the paper until needed, as a favor to the township whose offices offer little storage area.

### **Libraries**

The school and municipal libraries coordinate educational functions to assist and interest students in reading and to support student schoolwork.

The elementary school teachers or librarians notify the township librarian of research projects currently assigned, and the township librarian selects and exhibits relevant holdings for student use.

Additionally, the township library organizes “Story Hour on the Road,” geared toward young children and held at alternating elementary schools. With guidance from the township librarian, students from Delsea Regional Middle School select and present stories to the elementary students.

### **Purchase of Electricity**

The district purchases electricity through the state Alliance for Competitive Energy Services (ACES).

### **Fuel for District Vehicles**

All diesel fuel and gasoline for use in district vehicles is purchased through the Gloucester County Cooperative.

### **Testing Materials and Services**

The district belongs to a county-wide consortium headed by the Pitman School District for the purpose of obtaining reduced prices on standardized testing materials and services. By purchasing through the cooperative, the district obtained a 20% discount on a variety of standardized testing materials and scoring services.

**Special Education Services**

Through the Gloucester County Special Services School District, Franklin receives multiple special education support services at reduced prices. These include transportation services, supplemental nursing services, and speech and occupational therapy services. In addition, the special services county school district provides appropriate educational materials, such as software and other classroom materials for use in special education instruction.

**Audio Visual Materials**

In return for a per-student fee to the Gloucester County AVA Commission, the district receives various audio-visual materials, including video tapes and computer software. According to figures published by the commission, the district saved approximately \$50,000 over the cost of similar services at market value rates.

In addition to savings to be realized by joining services, there are two new state programs designed to encourage and reward local governmental units and their taxpayers for regionalizing, sharing and joining services with other units of local government. The Regional Efficiency Development Incentive Act (REDI) provides funds to local units to study the feasibility of joining services. The second program, REAP (Regional Efficiency Assistance Program), provides direct tax relief for any local government regional service agreement signed after July 1, 1997. These programs are administered by the New Jersey Department of Community Affairs (DCA), Division of Local Government Services. The Franklin Township Board of Education was an early applicant for REDI funding.



## V. STATUTORY AND REGULATORY REFORM

The fifth and final section of the report, Statutory and Regulatory Reform, identifies areas where existing state regulations and statutory mandates have been cited by local officials as having an adverse effect on efficient and cost-effective operations. It is common for local officials to attribute high costs and increased taxes to “state mandates.” Each LGBR team reports such concerns in this section of the report. A number of the issues raised would require changes in either statute or existing rules and regulations.

### **Regionalization**

LGBR has previously addressed current impediments to school district and municipal regionalization. The analysis of this question in LGBR’s 1998 Review of the Pascack Valley Regional High School District applies to the present study, and is therefore included herein as Attachment 1.

The Pascack Valley Report lists several avenues of approach for state action with regard to regionalization. (See Attachment 1, at pp. 2, 3.) In that report, the LGBR team determined that the greatest opportunities for consolidation, and for the ultimate goal of tax relief, lay in a three-pronged plan for state action. As envisioned, state action would provide: 1) financial incentives; 2) a streamlined, “user friendly” regionalization process; and 3) public education on the importance and relevance of regionalization. LGBR recognizes that, since the Pascack review, the establishment of workable financial incentives to encourage voluntary regionalization at the local level has been addressed in part through creation of the REAP and REDI grant programs (see shared services, above). Nevertheless, this incentive alone is unlikely to prove persuasive without the impetus of the statutory and educational components. In addition, statutory streamlining of the regionalization process, should help to relieve the fiscal burden of the state incentives.

### **Recommendation:**

**It is recommended that, in its efforts to encourage fiscal efficiency through regionalization, the state should consider a comprehensive approach including educational and procedural components in addition to fiscal incentives.**

### **Equitable Financing of School Construction**

Given the State Supreme Court mandate requiring 100% state funding of facilities construction in New Jersey’s 30 special needs districts, the concern for equitable state-assisted financing of school construction in other districts, such as Franklin, was raised.

This review of the Franklin Township School District took place soon after the State Supreme Court decision in Abbott vs. Burke mandating 100% state financing of facilities construction in the 30 special needs or “Abbott” school districts. Toward the conclusion of this review, the Educational Facilities Construction and Financing Act (the Act) was signed into law. The Act directly addresses the issue raised.

The Educational Facilities Construction and Financing Act, signed by Governor Whitman on July 18, 2000, authorizes a state bonding cap of \$8.6 billion for school construction projects. Six billion of this amount may be used for projects in the 30 special needs districts, with \$2.5 billion available for non-Abbott projects, and \$100 million for county vocational school construction.

While district borrowing rates vary under the Act, the amendments incorporated into the bill that was eventually signed into law, respond to the concern of non-Abbott districts such as Franklin. Under the Act, 100% of eligible school construction costs will be state funded in the special needs districts. A calculable portion of eligible school construction will be funded in non-Abbott districts. The state-funded portion of eligible school construction in non-Abbott districts equates to the district's state aid percentage multiplied by 1.15, or a minimum of 40%, whichever is greater.

For a district such as Franklin, which receives over 60% of its total revenue from state aide in 1998-99, this legislative support can have a significant impact on future construction projects.

## **LOCAL GOVERNMENT BUDGET REVIEW ACKNOWLEDGMENTS**

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